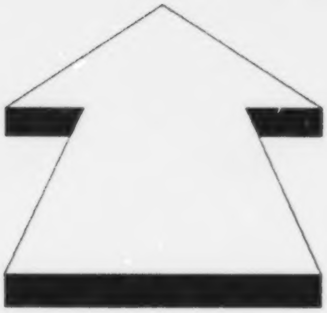
SCHOOL FINANCE AND GOVERNANCE REVIEW

FINAL REPORT



DECEMBER 1991

Consultants

Dr. Herve O. Langlois and Dr. Murray P. Scharf

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SCHOOL FINANCE AND GOVERNANCE REVIEW

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December 13, 1991

Dr. Eleanor Rourke
Deputy Minister of Education
Saskatchewan Education
2220 College Avenue
Regina, Saskatchewan
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Dear Dr. Rourke;

We are pleased to submit for your consideration the final report of the School Finance and Governance Review.

Our paramount concern in conducting this review was to find ways in which resources available for educational services could be utilized to better advantage to improve the opportunities available to Saskatchewan youth.

We were deeply honoured to have been asked to conduct this review and thoroughly enjoyed the work associated with it. We express our sincere hope that this report will assist in the restructuring of educational finance and governance to improve the services provided to Saskatchewan youth.

Murray Scharf Herve Langlois

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92-05625/

Department of Education

A Study of K-12 Education Financing

TERMS OF REFERENCE

Saskatchewan Education will undertake a study of the province's method of financing the K-12 education system. The study will be comprehensive in the sense that it will cover all elements related to education finance including governance and organization of school divisions.

Areas that will be examined include:

1. Provincial Funding Through the Operating Grant

   - an examination of the province's current funding to school divisions to determine its efficiency and equity
   - a review of the structure, functioning and evolution of the existing operating grant formula with respect to equity of school financing
   - examine implication of current (and proposed) funding mechanism on school divisions
   - an examination of other studies and their recommendations (e.g. SSTA, Clayton Commission)

2. Taxation

   - review assessment procedures and implications for provincial funding (extent of involvement of SAMA - yet to be determined)
   - an examination of the education portion of the property tax
     - analysis of property tax by assessment classifications
     - historical analysis of tax share (incidence) among the various types of taxpayers
   - analyze trends in the property tax to describe shifts in incidence amongst classes of taxpayers
   - review of the education portion of the business tax and the existing rebate program and the impact of proposed changes to the business tax on education funding
   - examine whether there exist more equitable and effective tax alternatives (i.e. income tax, sales tax)

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3. School Capital and Facilities

- overview of the current funding mechanism and its evolution
- explore other funding options and determine their implications (i.e. 50:50 provincial/local cost share) on provincial school construction
- an examination of the level of capital requests versus infrastructure maintenance
- consideration of the impact of the Saskatchewan Municipal Board and the Municipal Financing Corporation on financing
- explore possible disincentives in current mechanism (e.g. roof repair, long-term planning, etc.)
- review debt financing mechanisms by school divisions (debentures, loans, reserves)
- review the utilization of existing school facilities
- future requirements for capital (aging facilities, declining/shifting enrolments, etc.)

4. School Division Governance and Organization

- develop historical overview of school division organization and numbers, especially the restructuring of boundaries in 1965
- examine trends in enrolments and numbers and types of schools by current school divisions
- review the administrative structure in school divisions
- develop criteria for judging school governance and organization including boundaries
- identify models for rationalization, assess feasibility and related implications
- collect boundaries/jurisdiction information from other provinces

. . . 3

5. Other Jurisdictions

- a historical comparison of per pupil funding across the country and by size and function of school divisions in Saskatchewan
- examine the use of property taxation for education in other provinces
- review other provinces' approaches to capital projects/financing
- a review of operating grant levels and structures in other provinces

6. 60/40 Financing of Education by 1992

- develop financing options aimed at achieving a province/local share of 60/40.

Financial Planning Branch
July 18, 1990

FOREWORD

On August 27, 1990, the Minister of Education announced that Dr. Murray P. Scharf, Dean of Education, University of Saskatchewan and Dr. Herve O. Langlois, Deputy Director of Education, Saskatchewan School division #13, had been appointed to conduct a review of School Finance and Governance in Saskatchewan.

The terms of reference for the study included a review of issues related to the distribution of funds to school divisions, taxation in support of K-12 education, capital requirements in school divisions, and the organization and governance of school divisions.

From the outset, the study was intended to focus primarily on financial issues with particular emphasis on grants programs, taxation and capital funding. The consultants were asked to develop specific proposals on these issues.

The Organization and Governance component of the study was designed to address the fundamental issues that should be considered in any restructuring of school divisions or reassignment of responsibilities in the governance of schools. For this section of the report, the consultants were asked to identify criteria for restructuring school divisions and to discuss the issues with a view to providing a framework for the public consideration of these important matters.

Dr. Langlois assumed primary responsibility for the research of the financial issues and Dr. Scharf had primary responsibility for the research on Governance and Organization of school divisions, including demographic trends. Because all of the study areas were interrelated, the consultants worked very closely together in developing the reports. In addition, the consultants served as each others critics as issues were being considered.

The consultants developed three reports during the review. The **Background Information and Issues** report was designed to provide base information on Saskatchewan school divisions to assist interested parties to develop their submissions to the symposium held in December, 1990. The **Progress Report** included an analysis of school division characteristics and the existing foundation grant program, a discussion on taxation issues with particular attention to the definition of local autonomy, and a proposal on funding related to transportation. The information contained in those reports is important to the understanding of the proposals included in the final report.

The **Final Report** includes the recommendations and conclusions on the major areas of study. The consultants attempted to take a futuristic view of K-12 education in Saskatchewan while, at the same time, being aware of the existing structures. It is fair to conclude that the proposals on the financial issues contained in the Final Report would be best implemented in an organizational structure incorporating the principles advocated in the report. Nonetheless, the observations on the grants programs apply to the existing structure as well. That is, many of the objectives relating to equality of opportunity for children and equity in taxation could be best achieved through a reorganization of the school divisions. However, the restructuring of the finance programs should still be undertaken if the decision is taken not to reorganize school divisions.

The consultants were assisted throughout the study by many individuals and organizations interested in Saskatchewan education. The Advisory Committee established to work with the consultants met on several occasions to review data collected by the consultants and to discuss proposals being considered in the development of these reports. The major organizations represented on the Advisory Committee developed extensive submissions for the consultants' consideration which assisted in the identification of issues and the aspirations of the organizations in regards to the issues under consideration.

During the early part of the review, Mr. Harley Sundbo, then Regional Director of Education for the Melfort region, conducted structured interviews with board chairmen, directors of education, and secretary-treasurers from thirty school divisions. These interviews provided valuable insights into program offerings, taxation concerns, concerns shared by those primarily responsible for the operation of Saskatchewan school divisions.

During this study, the consultants met with many individuals to discuss specific issues under review. These individuals included government officials, board of education officials, staff of provincial organizations, university professors and other individuals with expertise in specific areas. In addition, the consultants were invited to address several groups about the study and the nature of the issues under review. These activities were very useful as they provided an opportunity to discuss the status of the financing and organization of school divisions and to receive commentary from those in attendance. The consultants believe that the participants in those sessions had a better understanding of the reasons for the review as a result of the meetings.

The consultants were ably supported by Saskatchewan Education officials who sought and obtained much of the data contained in the reports from government departments both within and outside the province. In particular, the officials from the Financial Planning, School Grants, and School Facilities Planning branches of Saskatchewan Education are recognized for their assistance with the review. The consultants also wish to acknowledge the assistance provided by Saskatchewan Finance and the Saskatchewan Assessment Management Agency who provided much of the data related to taxation for K-12 education.

The consultants also acknowledge the assistance provided by boards of education, regional directors of education and school division officials who participated in the review. With one exception, the consultants received unqualified assistance from those contacted to provide information necessary for the study.

Finally, the consultants extend their appreciation to their secretaries and other staff who assisted with the production of the reports and undertook countless tasks associated with the report. As well, the consultants extend their appreciation to their colleagues who took over additional responsibilities while the study was being conducted.

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EXECUTIVE SUMMARY

Saskatchewan residents spend about $1 billion annually to provide K-12 educational services to its youth. These services are funded on a shared cost basis by local and provincial taxes, primarily. Local property taxes levied by boards of education account for slightly less than half of the revenues required to finance these services. Provincial funding, realized from provincial taxes, resource revenues, Federal transfer payments, and other smaller sources, account for slightly more than half of the revenues required.

PART ONE - THE FINANCING OF SASKATCHEWAN SCHOOLS

Distribution of Funds

From the very beginning of the province, shared cost funding of K-12 education has been in place in various forms. Since 1971, provincial transfer payments to boards of education have been made primarily through the use of a foundation grants program with the following stated objectives:

. equality of education opportunity for pupils
. taxation equity for taxpayers
. effective and efficient use of resources
. local decision making by boards of education
. Protection of boards of education from circumstances beyond their control

A shared cost funding approach between local and provincial governments will best serve the educational interests of Saskatchewan residents and should be retained. The stated objectives of the foundation program are valid.

The stated objectives of the foundation program are only partially being attained. Specifically, deficiencies that impact on equality of educational opportunity and taxation equity have been identified. While the foundation program approach is sound and should be maintained, the current program fails to define adequately the services being financed through the foundation program with the result that it is difficult, if not impossible, to hold either the provincial or boards of education accountable for the decisions made regarding educational services provided to Saskatchewan youth.

The processes used to establish foundation program funding do not adequately foster the realization of the stated objectives. Research and analysis to ensure the proper distribution of available funds are inadequate and need to be expanded. Given that the funding structure is a shared cost approach between local and provincial governments, the absence of a formal process in which representatives of each level of government can analyze the financial impact of decisions taken by either level of government is a significant shortcoming in the current process. As a result, much energy is spent in finger pointing about the adequacy or inadequacy of provincial transfer payments to boards of education from the provincial government. In the absence of defined services required to realize the educational outcomes, judgments about the adequacy or inadequacy of funding cannot be made with any degree of certainty.

To address these issues, the consultants are proposing the establishment of a **SCHOOL FINANCE REVIEW BOARD (SFRB)** with membership from the provincial government and representatives of boards of education, selected by the Saskatchewan School Trustees Association. It is proposed that the SFRB be given a broad mandate to make recommendations to the Minister of Education, including the following:

- to advise the Minister on projected levels of provincial and local funding and the specific distribution formulas for K-12 education
- to recommend, on a resource cost basis, a definition of the educational services being supported by the provincial grant program
- to review, on an ongoing basis, the fairness and effectiveness of the distribution formulas in contributing to the goals of education, taxation equity, and equalization of opportunity for all pupils
- to conduct the research activities necessary for the development of sound distribution formulas
- to consider the financial impact of new program proposals on school divisions
- to project funding requirements for the maintenance of quality educational programs

To assist The SFRB with its work, the consultants are proposing that Saskatchewan Education undertake several measures, including the following:

- giving more attention to the development of a database that will contribute to effective decision making about the $500 million being distributed to boards of education
- restructuring of the financial documentation such as the budget documents and financial statements to be compatible with the grant structure in order to permit effective analysis
- assigning to the Financial Planning Branch of Saskatchewan Education responsibility for the research and planning of all distribution formulas, including the capital and special education components; this branch being the secretariat to the School Finance Review board.

In terms of the distribution formulas, the consultants are recommending the **RETENTION OF A FOUNDATION GRANTS PROGRAM** with the added elements of the **RESOURCE COST MODEL.** The resource cost model involves defining service levels to be provided, and establishing costs of those service levels on a school division basis. These costs would serve as the basis for the distribution of funds to school divisions.

The consultants have also made specific comments on special education, northern education, the school division fiscal year, and tuition fees. With respect to the fiscal year, it is proposed that the school division fiscal year be changed from the calendar year to the school year to improve the management of resources.

Taxation

One of the major reasons for this review was the concern about the level of property taxation being required by Saskatchewan boards of education. Many groups, including boards of education and municipal governments, have argued that the board of education demand on the property tax base is excessive and should be reduced.

The consultants received strong representations to the effect that taxation levels at both the provincial and local government levels have reached their limits and cannot be permitted to grow. Since 1970, provincial revenues from the income tax base have increased by 1285 percent; provincial revenues from the sales tax have increased by 876 percent; and local revenues from the property tax have increased by 372 percent.

The consultants also received strong representations that the financing of education from provincial revenue sources should be increased. While there is no agreement on what constitutes an appropriate level of funding for education by the provincial government, there appears to be a consensus that existing levels are inadequate.

Based on a review of provincial taxes levied across Canada, it appears that provincial tax rates are generally comparable to those levied by other provincial governments. On a per capita basis, in 1989, property tax revenues in Saskatchewan for both municipal and school governments were among the highest in Canada, second only to Ontario.

Strong arguments can be made for the reduction, if not elimination, of property taxes for educational purposes. Generally, these arguments relate to the need to finance social services through progressive income tax structures, the weakening linkage between the education service and the property taxpayer; and the inadequacies of the property tax structure.

Advocates for the retention of property taxes in support of education argue forcefully that the property tax is the only viable local source of revenue that will permit the exercise of local autonomy in educational decision making. It is also argued that, given existing levels of property taxation, it is unrealistic to expect that tax rates on other tax bases could be increased sufficiently to replace the revenues currently generated by the property tax.

The consultants have concluded that local autonomy in educational decision making is in the best interests of Saskatchewan residents. Local autonomy, in its fullest sense, can only be exercised if local governments have an independent revenue source. The property tax base is the only local revenue source identified of sufficient size to permit the exercise of local autonomy by boards of education.

The fairness of the property tax, in terms of the ability of the taxpayer to meet his obligations, would be improved significantly with the introduction of a refundable income-related property tax credit program.

The provincial treasury is under significant pressure and the consultants recognize that the provincial government's capacity to increase transfer payments to third parties, including boards of education, is very limited. However, the consultants have identified no particular reason why provincial funding to boards of education could not be increased significantly without impairment to the ability of boards of education to exercise meaningful local autonomy. Under the shared cost funding program proposed in this report, boards of education would retain the right to deviate from the service levels established by the SFRB and would be required to finance such variances through local revenue sources. Thus, boards of education would exercise local autonomy.

The share of board of education revenues funded by the provincial government should only be increased after the SFRB has more clearly defined the service levels required to meet the educational outcomes. The definition of the service levels will permit greater accountability for both provincial and local government decisions in that the shared cost funding program will be identified. If the provincial government contributes more funding to local government without defining service levels, the current debate on appropriate levels of funding will simply continue without resolution.

The debate on appropriate sharing of educational costs between the provincial and local governments has received far too much attention. The debate should focus on the service levels required to meet the desired educational outcomes and the ability of taxpayers to finance agreed upon service levels through local and provincial taxation. The question of "Who pays?" is an important, but secondary, issue.

The consultants examined the possibility of removing board of education access to the industrial and commercial property tax bases as a means of reducing board of education reliance on the property tax bases, and improving the efficiency of the property tax system. Under the approach considered, a provincial property tax on commercial and industrial properties could be implemented. While some constitutional issues would need to be addressed, the consultants believe this tax restructuring could be adopted without impairment to the ability of boards of education to exercise local autonomy but only if the equalization distribution formulas were significantly improved in accordance with the proposals contained in this report.

The consultants reviewed the proposals advanced by the Saskatchewan Assessment Management Agency (SAMA) with respect to the reassessment of Saskatchewan properties for taxation purposes. It must be emphasized that the analysis was conducted on preliminary data which is currently being reviewed by SAMA - and which will likely change before 1993 when the reassessment is being implemented. The consultants have concluded that the assessed values determined by SAMA for school divisions should be used by Saskatchewan Education as the measure of the school division's fiscal capacity in the distribution formulas. Saskatchewan Education should not superimpose its own modification to the assessment on the SAMA decisions because, to do so, would be counter to the decisions taken by the agency created to deal with those issues.

The consultants have also commented on several issues pertaining to the administration of the property taxes. The issues include accountability, tax collections, abatements, exemptions, discounts and penalties, and taxation agreements between boards of education and municipal governments.

Capital Funding

The consultants identified several issues related to the capital funding programs currently in place. They include:

- deficiencies in equalization provisions
- affordability and variance in tax bases among school divisions
- efficient use of resources
- imbalance between funding and identified needs
- financing debt retirement costs
- the approval process

The definition of capital as currently used for the purpose of accessing provincial funds is inadequate. The definition should be broadened to included new buildings, rehabilitation of existing facilities, minor renovation and the purchase of repair, and machinery, equipment, furniture and vehicles.

The database for effective decision making for the purpose of allocating resources for capital projects include:

- criteria on which proposals are to be judged
- long term needs of school divisions
- nature and quality of existing facilities
- possible program changes
- construction and financing costs
- fiscal capacity of school divisions
- financial impact on Saskatchewan Education budgets

A major backlog exists in capital requirements identified by boards of education. Current estimates place the cost of projects submitted at about $350 million in the next five years, which is far beyond current budgetary provisions. Therefore, the need to establish clear priorities and to rationalize the delivery system is paramount to the effective use of resources.

Since 1979, the number of school in operation in Saskatchewan school divisions has declined from 967 to 861 schools. It is quite realistic to expect an similar pattern in the next decade particularly if school divisions are reorganized.

The consultants are proposing a two-tiered approach to the funding of capital requirements. It is proposed to establish an unconditional component to finance minor renovations, equipment, furniture, vehicles and machinery, and reserves for equipment replacement. This component would be financed on a shared cost basis requiring both a provincial and local contribution based on service levels established by the SFRB. The conditional component would be retained for the financing of major capital projects including new construction and rehabilitation of existing facilities. Provincial funding as a percentage of the total costs for the conditional component would remain high.

The development of capital funding programs should be the responsibility of the Financial Planning branch in Saskatchewan Education. The Facilities Planning branch should retain responsibility for the planning associated with the approval of project submissions but should not be responsible for the development of funding programs.

Financial Requirements for Operating Purposes

The consultants do not anticipate that financing requirements for operating purposes will increase significantly due to uncontrollable pressures such as enrolment increases, or the need for major program adjustments. It is expected that enrolments will continue to decline, particularly in non-city areas, for the next two decades. Consequently, some financial pressures may result where it becomes necessary to adopt expensive delivery systems to provide services to pupil in sparsely populated areas.

Generally, the consultants expect that increased future financial requirements will result mainly from controllable factors such as service levels, collective agreements with employees, the nature and types of services to be provided, technology, and expansion of services into non-traditional areas.

The consultants were not able to obtain data to project the costs of funding the unfunded liability for teacher pensions which has accumulated over many years. However, it is expected that these costs will be substantial. The consultants propose that the only pension costs that should be charged as an operating cost to provide services to pupils are those associated with current service requirements. The funding of the costs to provide services to today's children should not be adversely affected by the funding requirements associated with past service contributions for professional staff. Past service contributions should be considered an extra-ordinary item.

PART TWO - THE GOVERNANCE AND ORGANIZATION OF SASKATCHEWAN SCHOOL DIVISIONS

The Historical Context

Constitutional responsibility for education rests with the provincial government. While the provincial government has promoted the delivery of education by establishing local school jurisdictions, these local boards are creatures of the provincial government and the province has the ultimate responsibility for the performance of the local governments and for meeting the obligations of the state.

A religious minority, be it Protestant or Catholic, has achieved the right to form and operate a separate school district.

In the division of responsibilities between the provincial government and the boards of education, the provincial government has retained a high level of control over educational policy and administrative matters, and has decentralized management decisions to the local jurisdictions. The province's concern that there be universal access to a uniform minimum standard of education has centralized the decision making on curricula, textbooks and reference materials, teacher certification and training, and assessment of student achievement. The boards of education were to manage the schools within the parameters established under the legislation and regulations. Language of instruction and religious instruction were to be determined locally but within the delimitations established by the provincial government and in accordance with the rights established under *The Ordinance* of 1901 and confirmed in *The Saskatchewan Act* of 1905.

While the establishment of schools and school attendance was initially volitional, the passing of compulsory attendance laws made the establishment of schools and the provision of educational services mandatory. The principles of a child's right to an education and the state's duty to provide this education were established. In the financing of schools , responsibility shifted from a purely local matter to a shared obligation of the provincial government and the local district. However, local school boards retained their autonomy in establishing the level of the locally raised revenue.

The desires to expand educational services and to increase access to educational programs have fostered the need to consolidate schools and school jurisdictions. In particular, access to and enhancement of secondary education have been major objectives in the various moves to consolidate and centralize schools and school jurisdictions.

Incentive grants were frequently used to promote changes in the organizational structure of education but, with the exception of federal grants, had little lasting effect and almost always gave way to merely becoming increased funding for all jurisdictions.

The brake on the process of consolidation has been the sanctity with which the people held their local governments. Not until the local system was nearly dysfunctional did any major changes occur and, even then, such changes were imposed by the provincial government. Attempts to establish a hierarchy of school jurisdictions offering educational services limited to certain grade ranges were rejected. Full service jurisdictions were preferred and hierarchical and shared service arrangements were only made through agreements among these local jurisdictions.

Proposals for county, modified county, and municipal schools were never acted on. The desire to keep consideration of educational matters separate from other local considerations and the need to redefine the local municipal jurisdictions in order to implement these proposals prevented acceptance of these proposals for larger school jurisdictions and integrated local educational and municipal services.

The Legal Context

Children's Rights. The child has a right to attend school at the cost of the school division and others have the duty to ensure that the right is exercised. The child also has the right to receive instruction appropriate to his age and level of achievement and the board of education has the corresponding duty to offer the basic program of studies and courses of study in a school. Students with "physical, mental, behavioral or communications disorders" also have a right to an education appropriate "to their needs and circumstances."

The state has legitimate and compelling interests in the universal education of its citizens. The minister of education, in conjunction with the Lieutenant Governor in Council, has the authority to establish public school divisions and to determine their boundaries. Separate school divisions appear to be protected from any unilateral action by the minister. ***The Education Act*** assumes a flat system of organization: it is the duty of the local school jurisdiction to provide all educational services for students whose parents or guardians are resident in the school division.

Governance Units. The school division represents the basic unit of governance and administration for public boards of education. The school district, as defined in the Ordinances in the Northwest Territories Act, is no longer the unit of governance for public boards of education, but has been retained as an advisory body to the board of education. The nature and size of school districts may be determined by the division board of education on the basis of school attendance areas.

A locally-elected lay board of education is responsible for the governance of schools within the school division. The primary criteria to determine eligibility to vote are age and residency in the school division. Therefore, parents or guardians of children educated outside the jurisdiction in which they reside are not represented on the governing board of education delivering the service to their children.

Under the division structure, provision has been made to establish boards of trustees of school districts and, where no districts exist, local school advisory committees. These bodies are generally advisory to the division board of education in accordance with the mandate delegated by the board of education. However, the board of trustees in a school district has authority independent of the boards of education in the case of deciding upon religious instruction in the schools within the school district.

Education has been adjudged to be of such importance that, for purposes of governance and organization, it is separated from other functions served by governments at the provincial and local levels. At the provincial level, there is a Department of Education under a minister of the Crown. At the local level, school boards have functions separate from the functions served by other units of local administration such as the municipalities. The local school jurisdictions are organizationally accountable to the minister, and politically accountable to their own electorate.

Separate School Divisions. ***The Saskatchewan Act*** provides for the right of the religious minority in a **school district** to establish a separate school division and extends that right to include protection against discrimination in the appropriation and distribution of moneys for the support of separate schools. Members of the religious minority establishing separate schools are electors in that school division, must pay their taxes to the separate school divisions and, with exceptions such as for secondary education, send their children to the schools of that division. Except by agreement with the separate board and under certain circumstances for secondary education, the public school system has no responsibility for these children. Changes to the boundaries of a separate school division cannot be made without the written consent of the board of education of that division.

The reorganization of public school divisions would not necessarily lead to corresponding changes in the boundaries of the separate school division(s) contained therein. However, since the separate school division is defined in terms of the school district, changes in school district boundaries could be used as justification for corresponding boundary changes for the separate school division.

If the school districts were to be abolished and if the rights of the religious minority were to be preserved and not prejudicially affected, the boundaries of the current public school division would be the boundaries for the separate school division. Thus, a basic political and organizational question that must be addressed is whether or not it is considered advisable to establish larger school jurisdictions for the religious minority. If the answer is "yes," then the implications of an expanded dual system for the finance and operations of local school jurisdictions must be assessed. If the answer is "no," then the implications for the viability and operation of such restricted separate schools must be dealt with.

Equality Rights. While the issue of Francophone education is beyond the scope of this study, it is noted that the establishment of Francophone school boards will undoubtedly affect the operation of school jurisdictions sharing the delivery of educational services to the area. The development of Francophone boards, schools and operations will have particular significance for Catholic separate school divisions.

Legal developments, particularly in the area of special education services, support the premise that the board of education is charged with the responsibility to meet all the educational needs of the students under its jurisdiction and the flat organizational structure must be retained.

The issue of the right to a Catholic or minority language education versus the right to an appropriate education for disabled students has not been resolved and will undoubtedly be placed before the courts. Some of the smaller school divisions will be unable to meet the needs of some disabled students within their own operations and, in all probability, larger school divisions will be called upon to act as the contractor for such services. Larger school divisions have no duty to accept or provide services to these children and may not have the mandate to provide Catholic or Francophone education. This situation supports the premise that school jurisdictions must be of sufficient size to offer a rather comprehensive range of programs: the flat structure of the education systems in the province must be promoted.

The Educational and Curricular Context

Goal of a broad/general education. Given the goals of the new curriculum, it would appear that among the criteria that should be used to adjudge the adequacy of a school jurisdiction would be its ability 1) to ensure quality education in all schools within its jurisdiction, 2) to meet the right of students to a broad/general education, and 3) to enhance the equality of educational opportunities.

Decentralization of educational decision-making. With the decentralization of educational decision making to include the development and delivery of local courses of study and alternate programs, the local school jurisdiction must have the capacity and resources to exercise its authority and to develop the courses and programs. Similarly, with the extension of local responsibilities to include course and program evaluation, the local school jurisdiction must have the capability to develop and execute evaluation and assessment plans.

Individualized Instruction: The Adaptive Dimension. The increased emphasis on the adaptation of curriculum to fit the needs of individuals and groups of students, coupled with the introduction of an increased flexibility into the curriculum and into the instructional strategies, will place an increased demand on the resources to be made available within the school and the school division. If the planning is to take place as advocated in the model, the development of planning teams similar to those required for the development of instructional plans for special education students will be required. Additional special professional personnel and support staff at the division level will be required to assist in the translation of these plans into actual learning experiences for children. The empowerment of teachers and the collegial group to adapt courses and programs to meet local and individual needs has important implications for administration and governance at the school level.

Resource-based Learning. Given the goals of the new curriculum, the desire to promote local initiative and development, and the adoption of resource-based learning as the primary instructional strategy, a school division must be able to meet the enhanced demand for instructional resource materials and activities at both the school and division levels.

Distance Education. Coupling the advocacy for program delivery through distance education with the call for expanded learning resource centre support for the resource-based teaching, the case for increased use of instructional and communications technology for the delivery of distance education becomes rather persuasive. In addition, given the declining enrolments in schools and the resultant increase in the number of small schools, the need for increased centralized support becomes self-evident. To the list of divisional services required, distance education developers and tutors, technicians, and support personnel must be added.

Special Needs. The special needs identified for Indian and Metis education, northern education, comprehensive education, multicultural education, and heritage languages were listed. If these needs were to be met, the net effect of the implementation would be to impose heavy additional demands on the services of the schools and school divisions. With the adoption of the core curriculum and the decentralization of education responsibility for the adaptive dimension, the boards of education will increasingly become the focus of the efforts of individuals and groups to effect changes in the educational programs of schools. These local jurisdictions will require the resources to respond to legitimate requests arising from an increasingly heterogenous context and society.

The Changing Demography of the Province and the Educational System

Population and Enrolment Trends. When the changes in enrolments from 1976 to 1990 are broken down by grade grouping and type of jurisdiction, major shifts in the composition of the enrolments within and among jurisdictions can be noted. Perhaps the most dramatic are the declines in the rural school divisions. While the total provincial enrolment in the primary grades has grown by 989 students, the rural divisions have experienced a decline of 4,539 students. Of the 14,912 student decline in the total provincial enrolment in the middle grades, 11,553 were lost to the rural jurisdictions. At the secondary grade level, while the city public and separate systems enjoyed increases of 534 and 667 students, respectively, the rural divisions lost 5,198 students and the comprehensive schools lost 1,048. The total secondary grade level loss was 5,464 students. When the time period under review is reduced to the past four years, the same patterns of enrolment change experienced over the past 15 years are evident.

Size of Enrolments in School Divisions. A major feature of Saskatchewan's educational scene in 1991 is the high proportion of very low enrolment school divisions. The enrolment sizes of many of the school divisions in the province have reached or are approaching the enrolment sizes more commonly associated with schools and not school jurisdictions. With nearly three quarters of the divisions having enrolments under 1,500, and one quarter having fewer than 500, it has become apparent that major adjustments must now be made among school divisions.

Population and Enrolment Projections. Even within the most optimistic growth projection for the province, there is little hope for the demographic salvation of the current school jurisdictions. It is our considered judgement that if the current school jurisdictions were to be retained until 2011, the average enrolment in the rural school divisions would be approximately 970 students; the average enrolment in the village and town school divisions would be approximately 60 and 212 students, respectively; and the average enrolment in the city divisions, when Saskatoon and Regina are not included in the calculations, would be approximately 1,491 students.

Enrolment Sensitive Effects. There are changes in enrolments that can serve as surrogate measures of the ability of school divisions and schools to retain their student body and to deliver the educational program. A review of the student retention rates among school divisions gave partial support to the conclusion that many school divisions and parents in these divisions are finding that they are unable to provide or receive locally the desired quality or breadth of secondary education for their children.

Indian and Metis Education. Saskatchewan will be experiencing a phase in Indian education during which local bands will be establishing and governing their own schools independent of the provincial systems and of any superordinate Indian structure. Therefore, the assessment of the viability of the current and recommended school divisions must be made on the basis of the non-Indian population. It is not safe to assume that the increased Indian population will bolster the viability of local provincial school jurisdictions.

The objective of the Metis is to establish their own school system paralleling that of the current educational system and with the same access to the local property tax base and government funding as granted to the public and separate schools of the province. No comment is offered on the likelihood of this objective being realized. However, the governance structure and the division boundaries of the local school jurisdictions must be such that, if the population of Metis achieve self-government and implement an independent school system, the viability of the provincial school division would be maintained.

Major Reforms in Education

Democratic Control of Education. There is a debate about which democratic form the governance of the educational system should take: the representational, participatory, market place, or a combination thereof. The arguments are built around whether or not education is a private or public good, and the role to be played by parents and government in the design and delivery of educational programs and services.

Governance Models. The Canadian school systems have adhered to the principles of representational government with lay control of education; the maintenance of a special function local educational jurisdiction; and centralized control of curriculum and decentralized administration. The general parameters of education as a public good and the responsibility of the state to define and deliver the education to children are intact. However, the right of parents is creeping into the governance systems and the differentiation of school systems to recognize the rights of minorities is being elaborated.

Issues and Conclusions. The following are conclusions reached on the issue of governance of Saskatchewan schools:

- Some form of local governance must be maintained.
- A county system of local government is no longer an option for consideration. The special function local jurisdiction must be retained for education.
- Public education is primarily directed to the public good: for the continuation and development of our society, a well-educated and highly motivated citizenry is required. Thus, the influence of the state has priority over the influence of the parents but, because public education has elements of a private good, the influence of parents in the governance structure must be recognized.
- The representatives on the fiscally responsible board must be comprised of members elected as representatives of the public-at-large: Francophone schools being the exception. On the other hand, attempts should be made to enhance the role of parents in the governance and administration of education at the school level.
- The market place philosophy of governing Saskatchewan schools cannot be recommended for Saskatchewan.
- Any reorganization of school jurisdictions must attempt to preserve the nonpartisan "acquaintance" features of current school board elections.
- A further integration of rural and urban communities into one school jurisdiction is necessary. Currently, the curriculum is being defined as that which can be offered in small schools in small jurisdictions rather than by the needs of the students and society and the desire to provide equality of access to a quality education.
- The subunits within enlarged school jurisdictions must be such as to foster and reflect the sense of community and to allow for networks of communications for public input into and identification with the school jurisdiction. The organization of the administration or governance of the local school or district must be such that community and parental input can be made at the local level and transmitted and considered at the central level.
- To promote program equity in small rural schools, the development of distance education units within the reorganized school division is required.
- Trustees should be seen as volunteers providing a public service. The role should not be such that full-time or near full-time commitment must be made. Within reason, all citizens should have the ability to serve. Thus, the administrative resources of the school division must be such that they can assume the management and administrative functions and entrust the policy making to the school board.
- Teachers and principals must be given recognition in the governance process and their powers to initiate educational and administrative policy recognized.

- The jurisdictions and structures advocated in this study are intended to foster and advance the viability of the public school divisions while recognizing the differentiations that have been, or may be, decided by governments and the courts.

Saskatchewan School Division Governance and Organization

Objectives of Restructuring. The objective underlying a restructuring of Saskatchewan school divisions are educational, financial, and managerial. They include the promotion of: a child's right to a broad/general education; the exercise of local autonomy; taxation equity, responsibility and accountability; improvement in support services to teachers; and the meaningful involvement of trustees and parents in educational decision-making.

Size. The ideal size of a larger unit of administration is one which "has the pupils and resources to offer a comprehensive program of education from kindergarten to high school ..., is able to maintain a competent staff; and can finance without undue tax burden. In addition, the size should be that in which ratepayers can effectively participate in program planning and policy."

Boundaries. The boundaries of a school division should take into account: the required student population; capital investments; the "community"; natural barriers; a mix of rural and urban areas; inclusion of a high school capable of providing a comprehensive range of programs; ability to respond to minority needs; and a reasonable balance between rural and urban populations.

Recommendations. Larger school divisions should be established to: govern schools; serve about 7,000 pupils; include rural, village, town and city areas except Regina, Saskatoon, and existing separate school divisions; and to assume most of the current duties assigned to boards of education.

The membership of boards of education should be increased to 11 to 15 members. School districts should be established to serve as electoral districts for the election of members of boards of education.

The Minister of Education should establish a special boundaries commission to recommend specific boundaries for larger school divisions and school districts.

School divisions in Regina and Saskatoon should remain unchanged but secondary pupils from Larger School Divisions with boundaries contiguous to these school divisions should be permitted to attend school in the cities without payment of fees.

School councils should be established with membership to consist of the principal, teachers elected by teachers, and parents elected by parents. These councils should be assigned duties and responsibilities by the Division Board with particular attention to: religious and linguistic education; educational and budgetary proposals for the school; and the adaptive component of the curriculum.

LIST OF RECOMMENDATIONS

Distribution of Funds

A-1 That conditional funding programs be: carefully structured to ensure understanding and to minimize manipulation; established to enable boards of education to plan carefully for the use of resources; related to the costs of providing the funded service; and secure in their funding to ensure certainty of funds.

A-2 That unconditional grant programs be structured:

- To promote understanding of the level of support provided by the respective governments
- To provide compatibility with the structure of the budget documents and financial statements.
- To assist with the definition of the educational service standard anticipated by Saskatchewan Education.
- To reflect differences in the major cost components of the resources required to deliver the services.
- To recognize the disparity in tax bases among school divisions.

A-3 That the level of service that forms the basis for the distribution of provincial funds to boards of education be clearly defined in terms of the elements and cost of the resources required to produce the educational outcomes anticipated by Saskatchewan Education.

A-4 That the costs structures developed for the purpose of distributing funds be sufficiently defined to promote accountability of the respective decision making bodies for the level of service being provided in school divisions.

A-5 That boards of education retain the authority to establish spending levels and local tax rates, thereby exercising local autonomy in the fullest sense without the use of referenda

A-6 That the provincial government reject proposals that it commit itself to funding a fixed percentage of costs in school divisions.

A-7 That Saskatchewan Education devote significantly more attention to research and analysis of the cost of resources required to deliver programs in Saskatchewan school divisions for the purpose of improving the information on which provincial grants are calculated and distributed on an ongoing basis.

A-8 That the Minister of Education establish a School Finance Review Board with the following mandate:

- To advise the Minister on the level of provincial funding and the specific distribution formulas for K-12 education
- To recommend, on a resource-cost basis, a definition of the educational services being supported by the provincial grant program

- To review, on an ongoing basis, the fairness and effectiveness of the distribution formulas in contributing to the goals of education, taxation equity, and equalization of opportunity for all pupils
- To conduct, or have conducted, research activities to obtain the information required to develop the formulas for the distribution of provincial transfer payments to school divisions
- To consider the financial impact of new program proposals on school divisions before final implementation decisions are taken
- To project funding requirements for the maintenance of quality educational programs

A-9 That the membership of the School Finance Review Board include:

- Chairperson - appointed by the Minister of Education in consultation with the Saskatchewan School Trustees Association
- Three Saskatchewan Education officials including a regional Director of Education and a member of the Financial Planning Branch
- Three SSTA representatives
  A Saskatchewan Finance official - non-voting
  One LEADS member - non-voting
  One ASBOS member - non-voting

A-10 That the chairperson of the School Finance Review Board be appointed to the Educational Policy Advisory Committee.

A-11 That Saskatchewan Education conduct the necessary research and analysis to provide information about the nature and cost of the resources required to provide the level of service necessary to achieve the desired educational outcomes; with such information to be used as the basis for the SFRB decision making regarding the distribution of grants to boards of education.

A-12 That Saskatchewan Education revise the budget document and financial statements required from boards of education to more appropriately reflect the nature and scope of school division operations and to organize the data to better assist with decision making.

A-13 That Saskatchewan Education structure the grants program to be consistent with the structure of the budget document and the financial statements to provide better information about the relationship between the grant structure and expenditure patterns.

A-14 That the financial statements and accounting requirements be changed to provide for clearer identification of capital costs in school divisions and that the definition of capital be broadened to include all fixed assets and furnishings, machinery, vehicles, and equipment.

A-15 That the budget structure for school divisions be revised to include the following components:

- Administration and Support Services
- Instruction K-9
- Instruction 10-12

- Special Services
- Plant Operation and Maintenance
- Ancillary services
- Transportation
- Discretionary
- Capital

A-16 That Saskatchewan Education implement the proposed foundation grant program incorporating a Resource cost Model approach as described in pages 28-40 of this report for the purpose of distributing provincial funds to school boards beginning with the 1993-94 fiscal year.

A-17 That funding for special services be restructured, based on the following principles:

- The recognition of costs for grants purposes should be based on the amount and cost of resources required to provide the services needed to realize the objectives
- The funding for services to gifted and mildly handicapped pupils should be included in the basic funding protocols in recognition of the fact that these are basic to be provided by boards of education
- For exceptional pupils for whom criteria are not well defined, such as the learning disabled, the additional financial support should be based on a fixed percentage of enrolment and the cost of the resources to provide services
- For exceptional pupils for whom criteria are well defined, the basis for funding should be the cost of resources needed to provide services to identified pupils
- A High Cost Level III component should be created for those pupils for whom the cost of providing services is extraordinarily high
- The funding programs should reflect the need for specialist staff required to support special programs
- The levels of provincial funding for special services as defined in the fiscal framework, and grants paid, should be clearly identifiable
- The additional cost of providing transportation services for special education pupils should be clearly identified and supported.

A-18 That the fiscal year for school divisions begin on September 1 and end on August 31.

A-19 That Saskatchewan Education and the SFRB review the current provisions governing tuition fees and consider the following options:

- Elimination of tuition fees, thereby allowing freedom of movement among school divisions for all pupils
- Retention of tuition fees with provision for clearer definition of resident and non-resident pupils to eliminate current abuses in the system
- Retention of tuition fees with special provision for families owning property in the school division in which their children attend school
- Elimination of regulations governing the levying of tuition fees except for foreign students and pupils who are the responsibility of the Federal government and providing legislative authority for boards of education to

enter into fee for service arrangements with other boards of education.

Taxation

B-1 That boards of education continue to have access to the property tax base to finance K-12 services.

B-2 That the provincial government introduce an income related refundable property tax credit program for the purpose of improving the fairness of the property tax.

B-3 That Saskatchewan Education accept the assessment values provided by the Saskatchewan Assessment Management Agency for the purpose of determining the fiscal capacity of school divisions as required in the distribution formulas.

If increased provincial contributions to boards of education are deemed desirable and it is not deemed possible to finance the increased contribution to school divisions through additional provincial taxes, it is recommended:

B-4 That consideration be given to restructuring the tax sources for the financing of transfer payments to local governments by creating a provincial property tax on commercial, railway, and pipeline properties to finance municipal services and utilizing revenues from the income and consumption taxes currently financing municipal services to finance educational services; and

B-5 That boards of education access to the commercial, railway, and pipeline property tax bases be removed, or, alternatively, that boards of education retain the right of access to the commercial, railway, or pipeline property tax bases if required constitutionally but that the grants program be structured to provide for offsetting grant reductions where such levies are imposed by the board of education.

B-6 That recommendation B-5 be implemented only in conjunction with the changes to the formulas that improve equalization in the distribution of funds to school divisions.

B-7 That property and business tax refunds due to the discontinuance of a business or removal of an improvement, etc. continue to be administered by the municipal council.

B-8 That tax abatements and compromises by municipal councils on taxes levied by boards of education for reasons other than those specified in B-7 be permitted only by agreement with the board of education or, alternatively, that municipal councils retain their existing powers but that boards of education be given the authority to levy a supplementary tax on the residents of the municipality granting the tax abatements to offset the revenue losses resulting from the municipal council decision.

B-9 That the proposals regarding abatements and refunds should also apply to exemptions, if municipal councils are to retain the power to exempt properties from taxes.

B-10 That the provincial government reconsider legislation governing discounts and penalties on property taxes levied by boards of education to:

i) encourage the early payment of taxes;
ii) establish a relationship between prevailing short term interest rates as determined by the Bank of Canada and the maximum discount rate to be provided by municipal councils.

B-11 That boards of education and municipal councils be encouraged to enter into written agreements governing procedures and authority relating to tax collections, discounts, penalties, rebates, compromises and/or rebates.

Capital

C-1 That the definition of capital be broadened to include the following major categories:

- New building construction including land acquisitions and additional space
- Rehabilitation - Major renovation and repair
- Minor renovation and repair
- Machinery, equipment, furniture and vehicles

C-2 That Saskatchewan Education adopt a shared cost unconditional capital funding program to finance purchases of machinery, equipment, furniture and vehicles and the cost of minor renovation and facility repair projects with the provision to carry over funds into a designated capital reserve for future use if not required in the current fiscal year.

C-3 That Saskatchewan Education adopt the principles enunciated in this report to restructure the conditional capital funding programs with the objectives of greater effectiveness in the use of scarce resources, improved taxation equity, additional support for capital requirements.

School Division Governance and Organization

G-1 That Larger School Divisions be established in accordance with the following:

- Enrolments of approximately 7,000 pupils
- Inclusion of rural, village, town and city areas within each Larger School Division except for Regina, Saskatoon, and existing separate school divisions
- The Larger School Division be the unit of local governance for schools
- Membership of the Larger School Division board consisting of 11 to 15 members elected from the school districts within the Larger School Division
- With the exception of the establishment of school districts and their boundaries, the current duties assigned to boards of education be assumed by the Division board of education

G-2 That the Minister of Education establish a special boundaries commission for the purpose of developing specific proposals for the boundaries of Larger School divisions and school districts to be considered by the public and, eventually, the

Minister for implementation.

G-3 That the school divisions within the cities of Regina and Saskatoon remain as urban school divisions with the membership and duties of their boards of education remaining unchanged, provided that pupils from contiguous Larger School Divisions be permitted to attend secondary schools in these cities without payment of tuition fees in order to enable these pupils to have the same access to comprehensive secondary education that would be available to others in the province.

G-4 That the school districts and their boundaries be established to facilitate the following:

- To serve as the electoral districts from which the members of the Larger School division board would be elected by the electors residing in the school district
- To reflect the community interest, such as a school attendance area, or cluster of school attendance areas
- To have roughly the same electoral population base, within reasonable limits
- To permit multiple board members from a school district, where the population warrants.

G-5 That the existing public school districts and divisions be disestablished.

G-6 That the existing separate school divisions operating schools be retained but granted the option of amalgamating with the Larger School Division.

G-7 That separate school divisions not operating schools be disestablished.

G-8 That a school council for each school be established within each Larger School Division with membership on the council consisting of the principal and members elected from among the parents and teachers by the parents and teachers, respectively; the number of members from each group to be determined by the Division Board.

G-9 That the duties and responsibilities of school councils be primarily advisory to the principal and the Division Board with particular attention to the following:

- Initiatory duties with respect to religious education and language of instruction with the power to recommend to the Division Board on these matters
- Consideration of educational and budgetary proposals for the school to be forwarded by the principal to the Director of Education for consideration
- Review of school level initiatives under the Adaptive Dimension of the Core Curriculum and locally-developed courses
- Other duties as may be assigned to the councils by the Division Board.

G-10 That the school councils be required to hold at least one general meeting with parents each school term.

G-11 That the election of parent representatives on school councils be conducted at an annual parents' meeting.

PART ONE

The Financing

of

Saskatchewan Schools

INTRODUCTION

In the terms of reference for this review, the consultants were asked to deal with four major areas related to the financing of Saskatchewan schools.

The four areas of study included the distribution of funds, taxation for K-12 education, capital funding requirements, and future financial requirements.

The consultants concentrated primarily on the issues related to the distribution of funds and taxation for K-12 education because finding effective solutions in these areas held the greatest promise for improved equality of educational opportunity and taxation equity. Upon review of the data, the consultants concluded that fair distribution of available resources was pivotal to the goals of equality of opportunity and taxation equity. Thus, most of the time devoted to the financing component of the review was spent to develop processes which, if implemented, would: **allow interested parties to make informed judgments about the fairness of distribution formulas; encourage wider involvement in, and ownership of, decisions pertaining to the distribution of funds; and promote accountability for the decisions made.**

The consultants wish to emphasize that the implementation of the recommendations in this section of the report would be facilitated through a restructuring of school divisions for the delivery of services. A significant reduction in the number of school divisions would provide greater opportunity to improve the fairness of the formulas used to distribute funds to schools divisions. In and of itself, this is not sufficient reason to embark on a restructuring of school divisions but the impact of restructuring would not be inconsequential to the fairness of provincial funding programs.

Chapter One

DISTRIBUTION OF FUNDS

Introduction

The distribution of funds collected by the provincial government to school boards impacts significantly on the delivery of educational services to pupils. This section of the report deals with the issue of fair distribution of available funds.

In the Progress Report, the consultants identified several major problems with the current distribution formulas and concluded that the formulas did not fully meet the objectives of equalization of opportunity and taxation equity among school divisions. Having reached that conclusions, the consultants considered alternatives that would improve the understanding of, and commitment to, the distribution formulas and generate fairer distribution of funds. The proposals included in this Chapter represent significant change from present practices and, in the consultants view, hold considerable promise for the future.

During the course of this review, the consultants encountered several expressions of the support for the status quo. Upon reflection, that support could be explained in two ways: first, many boards of education benefit significantly from the current distribution formulas and are aware that certain advantages accrue to them and they would not want to lose their preferred positions; second, the information upon which judgments are made about the fairness or appropriateness of the distribution formulas is not readily available.

The consultants also heard expressions of concern about current funding programs many of which have been documented in the Progress Report. Again, many of these concerns were intuitive, and not necessarily based on hard data and analysis.

Based on the analysis conducted, the consultants are satisfied beyond doubt that serious inequities currently exist. In the interests of accountability and understanding, the process in establishing distribution formulas must also be improved. School division budgets are clearly linked to provincial decisions about the distribution of funds.

General Principles

The basic principles underlying provincial grants programs relate to equality of educational opportunity and taxation equity. In effect, broad support exists for the principle that the educational opportunity afforded a pupil should not depend on geographical location or the wealth of the school district in which the pupil resides.

Equality of educational opportunity is not easily defined. Does it mean that every pupil should have access to the same program? Does it mean that expenditures per pupil should be the same in every school division? Does it mean that each child should have a program commensurate with his defined or demonstrated competencies? For the purposes of this study, the consultants have relied on the requirements of *The Education Act* to assist with defining the concept.

Section 144 of *The Education Act* states, in part:

> . . . every person between the ages of six and 21 years shall have the right to attend school in the division in which he or his parents or guardian are residents, and to receive instruction appropriate to his age and level of educational achievement in courses of instruction approved by the board of education . . .

Section 91 (j) of *The Education Act* states:

> A board of education shall, subject to regulations, authorize and approve the courses of instruction which shall constitute the instructional program of each school in the division.

In addition, Part VI of the regulations under *The Education Act* defines the basic program and course of study to be provided by the board of education.

These legislative provisions establish the fundamental right of a pupil to receive "instruction appropriate to his age and level of achievement . . . " In a sense, they establish the minimum required standard of instruction for pupils.

Beyond this requirement, opportunities made available to pupils are discretionary. They are influenced by several factors, including the availability of funding; the number of pupils in an area; the aspirations and support of the community for education; the decisions of the board of education; and the management competencies within a school division, among others. The data show that school divisions with larger population bases and larger schools generally provide a broader program than others. This is consistent with the results of a 1975 study on rural education (Scharf, 1975).

Equality of opportunity as it pertains to "appropriate instruction" is not a goal; it is a right conferred by the legislature of the province. Funding formulas must support that fact.

In its submission to the consultants, the SSTA endorsed the concept of "equality of educational outcome" as a central principle. If this principle were accepted by Saskatchewan Education to guide its decision-making, the implications for school finance and governance would be enormous. **The consultants recommend that this principle not be endorsed until such time as the implications have been thoroughly discussed and identified.**

Provincial Grant Programs

Funds distributed to school boards by the provincial government are a major determinant in the quality and level of service provided in school divisions. **The results of this study show that school boards tend to provide levels of service in concert with the funding made available.** As noted below, it appears decision-making is resource driven, at least in part. For example, school divisions with added benefits from the provincial grant program tend to have lower pupil-teacher ratios. Funding is not the only determinant, but it is very important.

For this reason, the principles and approaches governing the distribution of funds are critical to the level of service provided to children. Several approaches to the distribution of funds are discussed below.

Matching Grants - The concept of matching grants is based on the premise that provincial funding requires some local financial input. In its simplest form, a matching grant might be on a dollar-for-dollar basis. However, variations can be applied.

Generally, matching grants provide additional conditional funding to school divisions and, thus, increase opportunities. However, this approach fails to take into account the fiscal capacity, or wealth, of the school division and may detract from the goals of equalization or taxation equity.

Matching grants are not widely utilized in the distribution of funds.

Flat Grants - Under this approach, the provincial government provides a fixed amount - usually on a per pupil basis - to each school division without the requirement for any local input. This form of funding is utilized in some components of the Education Development Fund.

This approach improves equalization modestly because, when related to the local tax base, the fixed amount per pupil constitutes a higher proportion of the local tax base for poorer school divisions. In other words, the mill rate equivalence is greater for assessment-poor school divisions than others. However, equalization is only partially realized if additional funds from the local tax base are required. A flat grant approach does not take into account the fiscal capacity of a school division.

Full Provincial Funding - Under this program, the province assumes full responsibility for the costs of the educational program in school divisions. School boards are not empowered to raise additional funds. All taxes or levies are imposed provincially. Three provinces - Prince Edward Island, New Brunswick and British Columbia - use an approach that approximates full funding from the provincial government. In each case, boards of education have authority to raise additional funding locally but the processes are such that few boards have actually done so. Only four boards in three provinces have used this approach successfully.

Full provincial funding tends to reduce, but not eliminate, differences among school divisions in levels of service and tax effort. In some cases, property taxes are levied provincially at a uniform rate. Consequently, assuming the tax base is fairly established, the tax effort is equalized. However, issues relating to fair assessment and equity of the property tax remain.

In British Columbia, the provincial government has established a resource-cost model to determine the appropriate level of expenditure for each school district, based on the 1989 expenditure levels for each school division. The provincial government establishes a property tax rate for each school district based on that district's expenditure level. Boards of education may raise additional funds through referenda. This form of full state funding has unique features:

. The province sets the expenditure level for each district based on past expenditure levels and the application of an Education Price Index.

. The province sets a property tax rate for each school district based on the expenditure levels set for the district. This is not a uniform tax rate.

These features appear to be an attempt to take into account variances in costs to provide similar services among the districts and to relate local tax effort to level of service.

Full provincial funding limits the discretion that can be exercised by boards of education. Usually, the authority given to boards relates to management and administrative functions within strictly specified regulations and legislation.

Foundation Grant Programs - Many variations of this approach have been adopted since the concept was first developed about 70 years ago. The basic principles include the following:

- **The provincial authority establishes the basic standard for the province, on which the funding is based.**
- **The legislature determines the respective roles of boards of education and the province in delivery of services.**
- **Funds are distributed to school boards in accordance with the fiscal capacity of school divisions. Funding is greatest for school divisions with the least fiscal capacity, and vice-versa.**
- **Local school boards may provide services above the basic standard set by the province and raise additional funds in support of these services.**

The intent of these programs is to provide equalization of opportunity and equity of tax effort to the standard approved by the provincial legislature. Boards of education may exceed those levels but must raise the funds locally. Consequently, the goals of equalization and equity of tax effort do not apply above the approved standard. Boards of education that exceed basic standards are deemed to be "lighthouse districts" which, through their innovative practices, encourage the province to set new standards.

Foundation grants programs have been the most popular and widely used approach used to distribute funds to school boards. They afford a balance between provincial and local decision-making. However, these programs have not been without their difficulties.

The most common problem relates to the fact that, over time, the gap widens between the provincial standard and the local level of expenditures. This results, in part, from a reluctance at the provincial level to recognize additional costs experienced at the local level or, to put it another way, from the desire by provincial authorities to keep costs from escalating too rapidly. As a result, the provincial standard remains low compared to actual costs. In addition, these programs afford considerable local autonomy to school boards. Over time, the additional services provided by each board have a significant cumulative effect on the provincial picture. When the province doesn't or can't respond to these changes, the goal of equalization can be compromised. This concern has emerged in Saskatchewan at this time.

Guaranteed Tax Base - Under this approach, the tax effort made at the local level determines the level of funding to be provided for services. Although several variations exist, the concept is based on the provincial government agreeing to fund a specific percentage of school board expenditures established by the school boards. The share of expenditures covered varies inversely with the wealth of the school division, i.e. the wealthier the school division, the lesser the share. As a result, boards of education levying the same tax rate would have the same level of funding available on a unit basis.

In most instances where this approach has been used, the provincial or state authority has placed a ceiling on the level of expenditures to be supported. However, in its pure form, this form of distribution formula would have no such ceilings.

The primary advantage of this approach is that the province shares fully in the costs incurred by boards of education. Assuming that the costs are similar, equity in tax effort results for school boards with similar expenditure levels. This approach also eliminates the need to develop rate structures or basic formulas to determine the basis on which grants are calculated. The basis for the grant calculation is the spending level set by the board.

The main problem with this approach is that it is open-ended and thus makes it difficult for the provincial authority to control its spending requirements. Ceilings are required and, when imposed, either become the target for spending or, if too low, compromise the goal of equalization. In extreme circumstances, the local tax base may exceed the Guaranteed Tax Base, which would require the local jurisdiction to forward some local tax revenues to the provincial treasury for redistribution. (The Saskatchewan Potash Tax-Sharing legislation addresses a similar concern.)

Resource-Cost Model - **This most recently developed approach to distribution of funds is more complex than any of the above but offers significant promise. Under all of the approaches discussed above, the basic assumption is that one dollar buys the same level of service throughout the province. Under this approach, an effort is made to identify specific costs as they would apply to different school divisions.** For example, a difference in average teacher salaries between two school divisions would be identified in the base for grant calculation. This approach requires an ongoing evaluation of costs on a detailed basis. However, the resource-cost model, in theory, should provide for the fairest distribution of costs.

The main criticism of this approach is that it can be very complicated and detailed. For example, the British Columbia schedule of costs is very detailed and, in the consultant's view, could become arbitrary and artificial. The consultants note that, recently, the British Columbia government announced supplementary funding to offset some of the inequities in the funding base established two years ago.

Conclusion

These models, or approaches, rarely exist in pure form. The diversity in the characteristics of school divisions and programs require adjustments and modifications. With increased availability of computers, it is now possible to develop grants programs using components of the various models to address specific issues. To illustrate, different approaches may be required to deal with unconditional versus conditional funding; block funding; transportation grants; fee payments, and special purpose funding. No specific model serves all purposes.

Conditional Versus Unconditional Funding

The distribution of funds from senior governments to local governments can take several forms. Transfer payments can be made **unconditionally**, leaving the expenditure of such funds to the discretion of the local authority within its prescribed mandate. They can also be made **conditionally**, requiring the local jurisdiction to meet certain conditions prescribed when the resources were allocated. The questions that arise are: When is conditional funding appropriate? When is unconditional funding appropriate?

School boards have long expressed a strong desire to have transfer payments made to them on an unconditional basis. In its brief to the consultants, the SSTA states: "**School board grants should be awarded unconditionally. This is a basic and fundamental belief of the Saskatchewan School Trustees Association. Present conditional programs detract from this principle. (SSTA, 1990, p. 8).**" The SSTA goes on:

> Conditional grants such as Special Needs Program Fund, the Educational Development Fund and Shared Services Grants enable boards to provide certain programs and services but they do not enable boards to establish their own priorities. Over time, boards have proven conclusively their commitment to provide every child with an appropriate educational opportunity. There is no reason to believe that boards need to receive money with "strings attached" in order to do their job. Conditional grants remove decision-making power from the local community and instead, place it in the hands of centralized senior governments. The Saskatchewan School Trustees Association believes that the best decisions are those made closest to the point where they will be implemented.
>
> Insufficient provincial funding, combined with the increasing propensity of the Department to award funding conditionally has resulted in a serious erosion of boards' ability to choose "the level of programs and services offered by the school division"(SSTA, 1990, pp. 9-10)."

The SSTA goes on to suggest that, in certain circumstances over which boards have no control, conditional funding may be required. They also support the use of conditional funding for capital projects(SSTA, 1990, p. 26).

The SSTA's discussion on this issue is typical of the commentary on conditional funding. Necessity often determines the nature of the distribution formulas. This is particularly true when the fiscal capacity of school divisions is disparate.

Need for Conditional Funding. The consultants have identified four circumstances in which conditional funding may be required to meet the objectives of equality of educational opportunity and taxation equity. They include the following:

- **Wide differences in the fiscal capacity of school divisions, requiring infusion of provincial funding to enable participation in a particular program**
- **Provincial initiatives or thrusts to encourage boards of education to adopt programs or change in practice**
- **Wide variances in incidence of specific need**
- **Legal requirements to provide particular services not universally provided among school divisions.**

Currently, funding arrangements are in place to respond to each of those circumstances. The **Capital Funding Program** responds to the reality of wide differences in fiscal capacity among school divisions; the **Educational Development Fund** is a specific initiative to encourage boards of education to adopt change in educational practice; the **High Cost and transportation funding provisions** deal with the issue of wide variances in incidence of need; and the **Second Language grants** address the legal requirement to provided second language immersion programs.

The consultants note that the need for conditional funding increases with the variances in characteristics of school divisions. If all school divisions were identical, the only conditional funding needed would be that provided to encourage boards of education to respond to particular provincial initiatives. If school divisions had similar fiscal capacities, or similar incidence of need for special services, the need for conditional funding would be reduced. Therefore, it could be argued that a reduction in the number of school divisions would likely allow the provincial authority to distribute more funding on an unconditional basis. The need for conditional funding would not be eliminated; it would be reduced.

Issues Surrounding Conditional Funding. The consultants have examined conditional funding from four different perspectives: **structure, planning, cost, and certainty.** To discuss these concepts, the consultants refer to current conditional funding programs.

. Structure - The structure of any conditional funding program is very important to the understanding of the program, its impact on school division budgets, and the fair distribution of funds. Currently, there is considerable confusion among school administrators, trustees, and special interest groups about the nature of some funding programs. The Special Needs Funding Program (SNFP) is analyzed to address this issue.

Under the current program, each school division is entitled to a recognized cost of $25,000 for each staff unit assigned to provide services to Special Needs pupils to a maximum of one staff unit per 200 pupils. A staff unit is defined as a teaching position or three paraprofessional positions. (The consultants are aware of the transitional nature of the program in 1991 and the grandfathering of previous funding levels for some school divisions; however, to keep this discussion simple, those special arrangements are ignored for the moment.) Several questions arise from this program:

> . Does the program actually provide an additional $25,000 for each staff unit employed or is it an increase in the recognized cost base on which the grants are calculated? To put it another way, if all boards of education had engaged the maximum number of staff units, would the provincial allocation of grants to boards of education been greater in 1991?
>
> . Why was the base of $25,000 used? The average cost of a teaching position in 1991 was more than $42,000 and three paraprofessional units would likely cost close to $60,000. What are the implications for the goal of equalization?
>
> . Did the establishment of these levels for SNFP have an impact on the recognized rates in other components of the grants program or the Equalization Factor? If so, what was the impact on equalization and taxation equity?

The consultants believe there are no clear answers to these questions and that different interest groups could provide very different responses to the questions depending on the positions they wished to uphold. This particular area of conditional funding has been problematic for many years and is addressed more fully later. **The point being made here is that structural deficiencies can create confusion and unfair distribution of funding.** These programs must be considered within the total funding structure.

In addition, **the structure of conditional programs must be such that they cannot be manipulated to create revenue windfalls for school divisions.** School division administrators have a responsibility to ensure that their school divisions take advantage of the provincial funding programs. When conditional programs are not properly structured, they can provide windfall benefits to some at the expense of others.

Planning - **One of the major concerns local governments express about provincial conditional funding programs is that they lead to down loading of fiscal responsibilities from the provincial to the local tax bases.** School boards are often wary about establishing programs in response to provincial funding initiatives because they are concerned that a few years hence the provincial funding will be removed and the cost will remain to be borne by the local tax base. The other side of that issue is that provincial funding may be provided to establish particular programs on a more universal basis and, when the goal is realized, it may be entirely legitimate to roll the funding into the unconditional base.

In any event, conditional funding programs should be established in such a way as to enable both the provincial and local governments **to plan on a long term basis.**

The consultants examined the Educational Development Fund (EDF) from this perspective. The EDF program was established in 1985 with very specific objectives. Initially, the provincial government planned to distribute $150 million over a five year period to enable school boards to innovate or rejuvenate their operations in the areas of Learning Resources, Efficiency, and Program Improvement. In 1988, for a variety of reasons, the program was extended to ten years from five years with the same level of funding to be distributed over the longer period. In 1991, the provincial government decided to cut EDF funding in half.

The consultants believe EDF has had a very beneficial effect on the nature and quality of services provided to pupils. The program was structured in such a way as to enable boards of education to be creative in their use of the funds. **The objectives, specified funding levels, and time periods were stated sufficiently well to allow boards of education to plan for the effective use of funds.** Boards were encouraged to plan on a long term basis in the full knowledge that the window of opportunity was contained within a specified time frame.

However, the 1991 amendments to the EDF program, as necessary as they may have been, had a significant negative impact on those boards of education that had engaged in long term planning. The end result may well be an uneven distribution of services among schools within a school division. In addition, school boards will likely be very skeptical about future announcements or requests by Saskatchewan Education to plan for the use of conditional funding on a long term basis. **The point being made is that effective response to conditional funding initiatives depends upon the certainty of the funding being available.**

Conditional funding is often criticized from the perspective that it distorts the **planning priorities** of school boards. Critics argue that boards of education know best the needs within their school divisions and allocate resources accordingly. Conditional funding forces boards of education into spending because the funds are available. Generally, the consultants agree with the observation but would add the following comment. The EDF experience suggests that, from time to time, it may be desirable to force adjustments to spending priorities. **Had the EDF funding been distributed as part of the foundation program, would the spending decisions have been different?** There is every indication that the answer is a resounding **YES**. The provincial initiative caused boards of education to examine their spending priorities in a different light and, by and large, boards took advantage of the opportunity to improve the services to pupils.

Therefore, the consultants conclude that conditional funding can be used effectively to encourage boards of education to pursue courses of action they may not otherwise choose. **However, to ensure effective use and distribution of such resources, the goals of such programs must be clearly stated, the amounts and distribution of funds must be made known, the time periods for the program must be established, and the plans must be carried out.** To do otherwise is to invite skepticism and mistrust.

Costs - **The purpose of conditional funding, as it relates to costs, is to make it possible for boards of education to provide services with similar impact on the local tax base.** Conditional funding need not cover the full cost of the program being funded; however, it should not lead in substantially different tax rates among school divisions to finance the local share of the cost.

To illustrate the point, the consultants analyzed the impact of the transportation distribution formulas as they were applied in the 1989 fiscal year. These data were discussed fully in the Progress Report. For the purposes of this discussion, it suffices to note that the distribution of those funds yielded significant revenue windfalls for some school divisions while other school divisions needed to supplement the provincial funding with local tax revenues. The impact on local tax rates was significant in several school divisions.

Similarly, the $25,000 staff unit allocation under the SNFP program has a very different impact on school divisions with different tax bases. Given a difference of about $17,000 between actual and recognized costs to employ one teacher (under certain assumptions), the impact on the local tax rate could be significant. Thus, boards of education - particularly those with small tax bases - can be faced with tough but not equal choices.

To conclude, conditional funding programs should take into account the actual cost of providing the program to be funded, and the impact of distribution formulas on the local tax rates.

Certainty - As noted above, school boards are often wary about responding to senior government initiatives because they fear being left with program costs without senior government funding. However, there is a second issue that requires consideration: namely, **the certainty of promised funding.**

The consultants have already discussed the impact of reduced EDF funding on board of education programs. To illustrate the point further, the consultants examined the Enhanced Program Funding provided in 1990 for very high cost special education programs. This program was established in 1989 to assist boards of education that experienced very high costs in providing services to disabled pupils requiring a very high level of service. In 1990, this program was designed to cut in when the cost of providing services to a particular child exceeded $15,000. Boards of education were required to apply for this support and to provide documentation in support of the expenditures. The requests far exceeded the available budget and, as a result, the funding distributed amounted to only 29 percent of the requests. This program was abandoned in 1991.

Several issues arose from this program but the inability of Saskatchewan Education to follow through on its funding intentions would likely cause many boards of education to assess very carefully whether or not they would devote resources to this need in subsequent years. **Certainty of funding is important if Saskatchewan Education expects school boards to respond to provincial initiatives.**

Summary - The consultants believe that conditional funding can have a very beneficial effect on the provision of services by boards of education. Conditional funding can be used to meet the following objectives:

.To reduce variances in school division fiscal capacity

.To encourage response to provincial initiatives

.To address variances in incidence of special needs

.To meet legal requirements for special programs

In order that the objectives of the conditional funding programs be met, it is recommended:

A-1 - That conditional funding programs be: carefully structured to ensure understanding and to minimize manipulation; established to enable boards of education to plan carefully for the use of resources; related to the costs of providing the funded service; and secure in their funding to ensure certainty of funds.

Finally, the consultants believe that the bulk of the funding should be provided on an unconditional basis. The principles underlying successful funding programs are discussed below.

Issues Surrounding Unconditional Funding. **Boards of education favor unconditional funding because, under this approach, they are able to establish priorities within the school division in response to identified needs and demands.** In 1991, operating grants to school boards - the bulk of which are unconditional - are projected to be $373 million. The importance of these funds to school boards is obvious.

The consultants have examined the issues surrounding unconditional funding from the following perspectives: **purpose; structure; distribution; and tax effort.**

Purpose - It has long been recognized that the local tax base is neither large enough or evenly distributed to finance K-12 education adequately. **Provincial transfer payments to school boards are intended to provide additional funding for the operation of schools and to promote the equalization of opportunity for pupils, irrespective of their geographic location.**

The consultants believe there is strong support for the goal of equalization of opportunity in this province. **That debate is often held within the context of rural-urban differences but, based on data collected during this study, it is clear that equalization deals with far more than rural-urban differences.** In fact, some of the wider differences, at least in cost and service levels, can be found within the current broad classifications of school divisions. Therefore, any restructuring of school finance programs should be conducted on a much broader contextual base than rural-urban differences if the goal of equalization of opportunity is to be realized.

In support of the broad goal of equalization, the purpose of unconditional funding programs should be **to distribute funding in such a way as to respond to identified needs and to reduce the variances in levels of service that can evolve among school divisions on account of affordability.** It is important to realize that the provincial authority has a constitutional responsibility for K-12 education and, as such, must establish standards to be met by boards of education in the delivery of programs. Funding programs should support those standards.

Finally, **unconditional funding supports local decision making in education.** It enables the local authority to establish priorities and respond to community expectations, within the broad parameters established by the province. When distributed fairly, unconditional funding **allows local authorities to develop educational opportunities for the pupils in their school divisions that are comparable to those afforded elsewhere.** In fact, the creativity and initiative that results from a decentralized decision making structure can, in the long term, improve the level of services provided on a provincial basis.

Structure - The structure of the current Saskatchewan foundation program appears to be relatively simple. In general terms, it can be described as **Grants = Recognized Expenditures - Recognized Revenues.** After reviewing the program in detail, the consultants have concluded that the structure does not lead to easy understanding of the distribution formulas and the respective funding roles of the provincial and local authorities.

As noted above, there is considerable confusion about the level of conditional funding for specific programs. **This confusion extends to the unconditional funding component of the formula because grants and recognized expenditures are terms used interchangeably in describing funding levels.** To illustrate the point, the following example is provided. In the 1991 grants program, the recognized cost for a High Cost I pupil is $4,454. Some would argue that this amount represents additional funding to boards of education. Under this argument, if another 100 pupils had been designated High Cost I, the amount of funding to be distributed to boards of education would have increased by $445,400. The consultants do not accept this argument. Rather, it is more likely that the $445,400 would have been distributed to boards of education with the additional designations but the total amount of grants distributed to boards of education would have remained unchanged. The $445,400 in question would have been funded either by: 1) reducing other recognized rates; or 2) increasing the equalization factor in the grants program.

This issue is important for two reasons. **First, both the provincial and local authorities should be accountable for the funding decisions they make.** It should be possible for interested groups and individuals to obtain clear and precise information about funding decisions. **Second, when the grant structure is unclear, both the provincial and local authorities are subjected to increased pressure from special interest groups for additional funding.** At times, there is even debate about funding levels for specific programs among trustees, administrators, and provincial officials. Much of that debate is unnecessary.

A second important structural issue pertains to the relationship between the grants program and the operations of the school divisions. **The consultants believe there should be significant compatibility among the budget document, financial statements, and the grant**

program structure in order to promote effective decision making and to identify the relationships between funding and spending patterns. The current practices do not support this objective. Consequently, the ability to analyze spending patterns in relation to funding programs is seriously compromised. For example, the foundation grant program specifies the recognized expenditures for Special Education services; it is not possible to determine the spending levels for Special Education from the financial statement or school division budgets.

The third structural issue identified relates to the definition of the educational services being funded by the provincial authority. The current approach pays little attention to this issue. Saskatchewan Education has neither defined the standard of service to be provided nor the resources it deems necessary to provide those services. As a result, it is not possible to make any judgment about the adequacy of funding provided by the province. Further, it is not possible to hold the school board accountable for its tax levies because there is no definition of that portion of the services funded only by the local tax base. **Under the current structure, it is not possible to distinguish the level of service funded through the foundation program from the additional services funded through the local tax base.**

To conclude, the underlying approach of establishing the grants to school divisions as the difference between recognized expenditures and recognized revenues is sound. **This structure, however, requires definition of the recognized expenditures to promote fairness and understanding.**

Distribution - **The fair distribution of available funds is pivotal to the realization of educational objectives on a provincial basis.** In the Progress Report, the consultants reviewed the current program in detail and identified several concerns about current distribution patterns.

As noted earlier in this chapter, the focus of distribution programs has been unit costs, based on enrolment, supplemented by adjustment factors to account for the unique characteristics of school divisions. For example, the basic program costs in the foundation grant program account for about 75 percent of the recognized expenditures with other costs added to the basic structure. This approach assumes that **the cost per pupil of providing the basic service is the same across the jurisdictions or, to put it another way, a dollar buys the same amount of education in all jurisdictions.** The foundation program attempts to take into account the cost variances among school divisions delivering the same service through the use of such devices as the Sparsity and Small Schools factors. No data were available to support the validity of those factors.

However, the consultants note the following areas where major cost differences occur. These are based on the 1989 financial statements. First, the cost of administration, as currently defined, varies inversely to the size of the school division. Second, the qualifications and experience of teachers vary significantly from school division to school division. Consequently, school divisions with similar programs and PTRs can have very different costs. Third, the size and density of some school divisions allow significant economies of scale that are not available in other school divisions. Fourth, the demand for service varies significantly from school division to school division. Fifth, the nature and characteristics of the student population also differ from school division to school division. The requirements of an inner city school differ from those in suburban areas or school divisions in which the student population is relatively homogeneous in its characteristics. Sixth, the provisions of collective agreements or board policies on major issues such as preparation time for teachers, educational and sabbatical leaves, caretaking, noon hour supervision, etc. vary significantly among school divisions. Seventh, the cost of services in remote areas is frequently significantly greater.

The question that arises from the consideration of these issues is this: **Which of these factors should be considered in the distribution formulas?** For example, if a school division's average teacher salary is 10 percent more than the average salary in another school division, should that difference be recognized? If a school division's Pupil-Teacher Ratio is 10 percent less than the Pupil-Teacher Ratio in the next school division, should that difference be recognized? If a school division has a broader program scope than another, should those costs be recognized? If a school board decides to include 10 percent preparation time in a collective agreement, should those additional costs be recognized? If a school division decides to contract its bus service rather than operate its own, should the cost differences be recognized?

The facile answers to these questions often focus on the discretion exercised by the boards of education. **However, in reviewing these issues, it became apparent to the consultants that what is deemed discretionary by some is often judged essential by others. When is a circumstance beyond the control of the board?** For example, boards of education have dealt with depopulation in different ways. Some have centralized the schools in their divisions; others have centralized high schools but not elementary schools; some have taken only limited actions. The cost implications of those decisions are evident. To what extent should the distribution formulas compensate those boards that chose the more costly solutions? To deal with these issues to everyone's satisfaction would require the wisdom of Solomon, the patience of Job, and the purse of Reichmann.

The data collected by the consultants showed that, to a significant degree, school division expenditures were resource driven. Variances in cost factors appeared to be related to the funding available from the provincial foundation program. If that is the case, then the distribution formulas need to take into account the cost of resources to provide the defined program. **In this context, the RESOURCE-COST MODEL is a very legitimate means of approaching the distribution of funds to school divisions. To do otherwise is to compromise the goal of equalization for all pupils.**

The consultants also examined the distribution of funds on the basis of program scope in a school division. Except for some conditionally funded programs, this approach was quickly rejected. The primary reason for abandoning this approach is that the consultants could find very little relationship between cost and program scope. School divisions with the best economies of scale offer the broadest programs to the pupils. Other concerns primarily related to the distortion of local priorities also influenced the consultants. In our view, a program based approach for the distribution of funds offers little promise.

In a subsequent section of this report, the consultants propose a specific approach to improve the distribution of funds from the province to the school boards. The approach will likely result in a significant redistribution of funds among school divisions but will improve fairness and understanding of the basis on which grants are distributed.

Tax Effort - **Under an effective distribution formula in a shared cost system, the local tax effort should vary in accordance with the deviations from the standard recognized costs.** That is, the tax rates in school divisions spending at the level of the recognized standard would be the same. However, the tax rates in school divisions with higher spending levels than the recognized standard should be greater than in other school divisions.

Under the existing foundation grant program, the tax rates appear to be

unrelated to spending levels. The absence of a clearly defined provincial standard cost schedule makes it very difficult to determine in all cases whether or not the tax effort required in school divisions is fair. However, the anomalies identified in the analysis of the 1989 financial statements lead to the conclusion that inequities in tax effort exist.

The data suggest that two major factors appear to influence the levels of tax effort in school divisions. **First, the foundation program, as currently structured, favors some school divisions at the expense of others.** This was discussed fully in the Progress Report. As a result, some school divisions provide very high service levels at low tax rates while others provide basic service levels at above average tax rates. This problem can be addressed through a revised funding formula.

Second, differences in tax effort result from decisions taken by boards of education about the service levels to be provided in their school divisions. Significant differences were evident. Generally, school divisions with greater fiscal capacity, as measured by assessment per pupil, tended to raise more additional revenues locally than others, notwithstanding the fact that the foundation grant program favored these school divisions in the first instance. It is clear that the appetite for educational services varies among school divisions and those differences are reflected somewhat in the tax effort made. The consultants note that, if the distribution of resources were restructured to improve equalization, it is likely that the tax effort required to maintain current service levels in some school divisions could increase significantly. On the other hand, if current service levels were maintained in the less wealthy school divisions, the tax effort could be reduced significantly. **The combined effect of "resource driven expenditures" and "different appetites for educational services" on tax effort is difficult to predict with certainty . However, the impact in some school divisions would likely be dramatic.**

The nature of the distribution formulas is very important to equity in tax effort. If the distribution formulas do not accurately reflect the cost of delivering the services, both equalization of opportunity and equity in tax effort can be seriously compromised. To illustrate the point, in 1989, the basic program costs in the 60 rural school divisions were eight percent ($271/pupil) more than the recognized costs. However, the range was from 4.8 percent lower to 31.5 percent higher. In theory, if the recognized costs were valid measures of the cost of service levels, the local tax rates should have reflected these differences. They didn't! It could be argued that the recognized rate structure was not an accurate reflection of the costs of providing the standard service levels. Because those levels were not defined, it is difficult to draw precise conclusions. However, it is clear that equity in tax effort, in relation to expenditure levels, has been severely compromised.

Finally, the wide disparity in the school division tax bases also contributes to inequity in tax effort, particularly if the recognized cost component does not reflect the true cost of providing services. In 1989, the derived assessment in school divisions ranged from a low of $860,287 in a village school division to $878,698,066 in an urban school division; a ratio of 1021:1. An additional teacher in the village school division would require a tax increase of about 49 mills, compared with .05 mills in the urban school division. These data illustrate the need for accuracy in the distribution formulas.

Summary - Unconditional funding can be utilized to meet the following objectives:

. To supplement local tax revenues

. To enhance equalization of educational opportunity and equity of tax effort
. To support local decision-making in setting of priorities.

The data reviewed by the consultants suggest that the formulas used to distribute funds from the provincial to local governments are pivotal to the realization of the educational objectives. Therefore, it is recommended:

A-2 - That the unconditional grant programs be structured:

. To promote understanding of the level of support provided by the respective governments.

. To provide compatibility with the structure of the budget documents and financial statements.

. To assist with the definition of the educational service standard anticipated by Saskatchewan Education.

. To reflect differences in the major cost components of the resources required to deliver the services.

. To recognize the disparity in tax bases among school divisions.

Conclusions on Conditional and Unconditional Funding. The consultants believe that most funds distributed by the provincial authority to school boards should be unconditional. However, the importance of conditional funding cannot be denied. Conditional funding can promote equality of opportunity for pupils, particularly those residing in school divisions with limited tax bases.

In part, the mix of unconditional and conditional funding in any grants program depends on the characteristics of the school divisions and the pupils they serve. The greater the differences; the greater the need for conditionality. A restructuring of school divisions to increase tax bases and remove idiosyncrasies among the school divisions would reduce the need for conditional grants.

These issues must be considered carefully, particularly when available resources are relatively scarce. The unfair distribution of resources leads to inequality in the services provided to children. It also leads to inefficiency and waste in the delivery of those services.

In the next section of this report, the consultants outline their preferred option for the distribution of funds in Saskatchewan.

The Saskatchewan Foundation Grants Program

During the course of the study, the consultants encountered strong support for the Saskatchewan Foundation Grants program. These expressions of support have been interpreted to mean support for the objectives of the program which have focused primarily on equalization of opportunity, local autonomy and taxation equity. The support for the specifics of the foundation program was less clear. In its brief to the symposium, the SSTA stated:

> The Association is strongly committed to the principles of equity, autonomy, and efficiency which underpin the provincial government's approach to education funding. It is our view as well that the present foundation grants program would fully meet these principles were it adequately funded (SSTA, 1990, p. 4).

In the same brief, the SSTA stated: "The Association has reviewed the foundation grant program and has encouraged a thorough re-examination of recognized costs (SSTA, 1990, p. 5)."

The consultants concur with the established objectives of the foundation grants program but believe that the approach for the distribution of funds requires significant change if these objectives are to be met. In this report, the consultants are proposing a **MODIFIED FOUNDATION GRANT PROGRAM** approach that incorporates significant elements of a **RESOURCE COST MODEL** and, for specified purposes, a **PERCENTAGE EQUALIZATION** approach. The discussion that follows identifies the major reasons for the proposal.

A Shared Funding Program

The SSTA has been advocating a shared funding program for K-12 education in which the provincial government would fund 60 percent of the cost and the school boards would fund the balance through local taxation. The Saskatchewan Urban Municipalities Association (SUMA) has proposed 75 percent funding from the provincial level. The terms of reference for this study require the consultants to report on the implications of these proposals.

Based on the submissions received, the consultants have concluded that the primary reason behind these proposals is the belief that the property tax base cannot support educational services at current levels. Second, advocates of these proposals argue that greater reliance on the income and consumption tax bases for this purpose would improve the fairness of Saskatchewan taxation. Both of these issues are discussed in detail in the section on Taxation. In this section, the consultants examine the proposals conceptually from the perspective of the relationships between the provincial and local governments.

Shared funding of K-12 education can occur on several bases. Acceptance of the **British Columbia model** would result in school boards having local control within specified spending levels. **Local autonomy** could only be exercised with the approval of the electorate through a referendum process. Except for the referendum approvals, the local tax rate for a school division would be set by the provincial authority and boards of education would have to develop their spending patterns within those limits.

A second approach would be to retain the **current Saskatchewan model** which allows boards of education to exercise **local autonomy** by establishing both local tax levies and spending levels within a context that is relatively undefined. Under this model, the province determines the funding that will be made available to boards of education from the provincial treasury and announces the level of transfer payments to boards of education. Boards of education then decide the levels of service to be provided in the fiscal year and, as a result, the tax rate required.

A third approach to shared funding would be to retain much of the current Saskatchewan model with the added feature of a **defined provincial level of service**. Under this model, the provincial authority would define the elements and the costs of the delivery system it deems necessary to meet the educational objectives of the province. These costs could be modified to reflect particular school division characteristics and would serve as the basis for the distribution of provincial funding to school boards. In effect, the province would **specify the level of service deemed necessary to provide the educational outcomes anticipated by Saskatchewan Education and, as a result, the basis for shared cost funding.** School boards would retain the authority to provide different levels of service but those differences would be clearly reflected in the local tax rates. **This model may hold the best promise for the shared financing of Saskatchewan schools in the years ahead.**

The fourth approach considered would be for the provincial authority to agree to finance **a fixed percentage of the school board expenditures.** This concept is the Guaranteed Tax Base distribution formula described above and, in general terms, is consistent with the proposals put forward by the SSTA and SUMA. **In the consultants' view, the proposition that one level of government should determine the spending levels and the other should pick up a fixed share of those costs is untenable.** The implications of such an approach are significant, particularly for the provincial government.

From a provincial perspective, the commitment to finance a fixed percentage of school division costs is fraught with danger, even if the shareable component of those costs is determined provincially. To support this conclusion, the consultants refer to the provincial experience with revenue sharing with municipal governments. In the late 1970s, the provincial government agreed to share a certain percentage of the revenues from the major tax bases with municipal governments in the form of revenue sharing transfer payments. Within three years of the adoption of revenue sharing, the provincial government abandoned the formulas due to other pressures on the provincial treasury. Today, revenue sharing exists in name only to describe the operating grants paid to municipalities. The level of municipal grants bears no relationship to the tax bases in the revenue sharing formulas.

The consultants have little doubt that the same fate would befall any arrangement that would commit the province to finance a fixed percentage of school board costs. In fact, with the diversity of provincial responsibilities, provincial dependence on Federal funding, and the uncertainty of provincial tax revenues, **the likelihood of these arrangements standing the test of time is remote.** The consultants believe the provincial government must retain the flexibility to establish priorities and respond to identified needs in the allocation of available resources. **In many ways, the provincial government as a junior government dependent on senior government transfer payments faces the same issues as boards of education have vis-a-vis the provincial government.**

Nonetheless, the consultants believe that the nature of the fiscal relationships between the provincial government and boards of education should be improved. **The public**

interest would be better served with a better understanding of the respective fiscal responsibilities of the two levels of government for K-12 education. This understanding would improve the accountability of the governments to their constituents. The proposed **School Finance Review Board** offers more promise in this regard than the fixed percentage proposals.

The consultants have concluded that the interests of the public are best served through a model that permits the exercise of local autonomy. It is not realistic to expect that a provincial program can fully anticipate all local needs and desires. However, the consultants have also concluded that the levels of service that form the basis for shared funding must be more precisely defined.

Therefore, it is recommended:

A-3 - That the level of service that forms the basis for the distribution of provincial funds to boards of education be clearly defined in terms of the elements and cost of the resources required to produce the educational outcomes anticipated by Saskatchewan Education

A-4 - That the cost structures developed for the purpose of distributing funds be sufficiently defined to promote accountability of the respective decision making bodies for the level of service being provided in school divisions

A-5 - That boards of education retain the authority to establish spending levels and local tax rates, thereby exercising local autonomy in its fullest sense without the use of referenda

A-6 - That the provincial government reject proposals that it commit itself to funding a fixed percentage of costs in school divisions.

The approach specified in the recommendations above would work best in an organizational structure that reduces the number of school divisions and the diversity of characteristics among school divisions. A reduction in the number of school divisions would eliminate many of the idiosyncrasies that currently exist among school divisions. If the current system is maintained, it would be no small task to develop a resource-cost approach that would reflect the diversity among school divisions. If not properly done, the goals of educational opportunity and taxation equity could be impaired.

In the sections that follow, the consultants present, in detail, a description of the process proposed to develop the grants program and the nature of the distribution formulas.

Provincial Funding - The Process

In 1991, the provincial government will distribute about $450 million in transfer payments to boards of education. These transfer payments will be primarily in the form of foundation grants but will also include debt retirement grants and Educational Development Fund grants.

As noted in the 1986 final report of the Local Government Finance Commission, the foundation grants program is intended to meet the following objectives:

- To compensate for variations in the local tax bases of the school divisions in such a way that each school division is able to provide a desirable and realistic range of educational programs and services without having to impose an unduly high local tax rate.

- To maximize the autonomy of school divisions from the provincial government and to promote the efficient use of public monies by:

  - paying the bulk of the grants unconditionally, thereby enabling school divisions to set their own priorities and establish the level of expenditures which they believe are appropriate. The grant formula does not penalize nor reward school divisions for particular choices they make.

  - encouraging school divisions to achieve economies. Savings realized by school divisions are retained in their entirety by the school divisions and do not result in lower grants.

  - avoiding open-ended grants. A decision of a school division to spend more does not result in additional grants.

  - avoiding penalizing or rewarding school divisions in the choices they make on the level of programs and services offered by the school division.

- To protect school divisions affected by circumstances beyond their control such as sparsity of school population, the necessity of operating small schools, large changes in enrolments, etc. (LGFC Final Report, p. 144).

The payment of debt retirement grants is intended to enable boards of education to proceed with capital projects that would otherwise be beyond the fiscal capacity of some school divisions. The Educational Development Fund was created to encourage innovation in instructional programs, the use of learning resources and efficiency in school division operations.

In addition to these transfer payments, the provincial government finances the operation of Saskatchewan Education and makes contributions to the Teachers' Superannuation Commission to cover the employers' share of the costs of teacher pensions and benefits. In 1989, these costs were just under $90 million.

Research and Analysis. The amount and distribution of these transfer payments have a significant impact on school division operations. These transfer payments impact on decisions affecting instructional program scope, the nature of program delivery, the level of local taxation, the number of staff employed, and the policy initiatives of the school division.

While the consultants have long been aware of the importance of grant programs to equality of educational opportunity and taxation equity, they were surprised at the extent of the effect the grants formula has on individual school divisions. **It is abundantly clear that, given the size of these transfer payments, the fair distribution of available resources from the provincial authority to school boards is pivotal to the realization of the educational objectives on a provincial basis.** Unfair distribution of funds leads to inequality of opportunity and inequity in taxation. Other factors such as local choice, local community support for education, effective management of resources, and commitment of staff all play significant parts in the realization of educational goals, **but the importance of fair distribution of provincial funds cannot be overstated.**

For this reason, the consultants believe that Saskatchewan Education must devote more attention to the development of the principles and regulations governing the distribution of funds to school divisions. The current grant structure, as it pertains to the basic program rates and the adjustment and incremental factors, is not adequately supported by research data and analysis. In some cases, specific purpose funds, such as transportation, are distributed without due care to the actual expenditures incurred by boards. In other instances, such as the Sparsity Factor, the distribution of large sums of money actually detracts from the avowed purposes of the foundation grant program. **Saskatchewan Education has attempted to improve the fairness of the distribution formulas through the introduction of adjustment factors but, because of inadequate data, these adjustments have been counterproductive in some cases and have created windfall revenues for some school divisions at the expense of others.** Please refer to the Progress Report, January, 1991 for detailed analysis.

To develop more effective distribution formulas, Saskatchewan Education must address more fully the costs associated with program delivery in different settings. Through its Financial Planning Branch, Saskatchewan Education should address the issue of the cost of resources required to deliver programs effectively and efficiently. Much of the required data is currently being collected by Saskatchewan Education but is not used in the development of the grant structure.

Consequently, it is recommended:

A-7 - That Saskatchewan Education devote significantly more attention to research and analysis of the cost of resources required to deliver programs in Saskatchewan school divisions for the purpose of improving the information on which provincial grants are calculated and distributed on an ongoing basis.

The development of an effective research database updated regularly to reflect changes in programs, delivery systems, costs, and affordability is an important first step to the improvement of distribution programs. This step will permit better impact analysis and policy development to govern provincial transfer payments to school divisions.

Shared Funding and Decision Making. Under the current and proposed system of financing K-12 education, responsibility for funding and allocation of resources rests with both the provincial government and school boards. **The consultants were greatly impressed with the interdependence of these authorities. Decisions taken at the provincial level have major impact on local decision making. Similarly, decisions taken by school boards often create significant pressure on the provincial authority to allocate additional resources or modify its programs.** The absence of a clear definition of the service levels anticipated by the provincial authority in the establishment of its funding levels invites considerable finger pointing and negative criticism about the adequacy of funding programs. In addition, it becomes impossible to examine school division tax levies in light of additional service levels provided by the school division.

To date, the development of the distribution formulas has been essentially an internal Saskatchewan Education function, subject to the approval of the Lieutenant Governor-in-Council. The influence of the other major decision maker - the school board - has been primarily through the conveyance of resolutions adopted at the convention of the Saskatchewan School Trustees' Association or periodic studies of the funding programs. Of course, these are legitimate activities but do not represent a sustained and informed involvement in one of the more critical functions affecting school boards.

The consultants were impressed with the fact that the Saskatchewan School Trustees' Association (SSTA) had little information about the basis for the rate structure in the grants program and the distribution of funds under that program. **Given that boards of education are required to raise revenues to cover the balance of the cost of K-12 education, it would seem appropriate that the SSTA be more directly involved in the development of the rules governing the distribution of available funds. Through greater involvement, the SSTA could bring relevant information to the decision making, assume some ownership for the distribution formulas, and lend support to the objectives and decisions governing the distribution of funds.**

The consultants also considered the involvement of other agencies in this process. In particular, LEADS, representing senior educational administrators, and ASBOS, representing school business officials, could provide technical knowledge to assist with the decision making regarding the operations of school divisions.

The consultants also considered the role of the Saskatchewan Teachers' Federation (STF) in this process. The STF is a valued and important agency in educational decision making in this province. As well, it is the agency that represents teachers in collective bargaining with the provincial government and the SSTA. Consequently, it would appear that an inherent conflict of interest would arise if the STF were involved in the determination of spending levels and distribution of funds to school boards. Therefore, the consultants have concluded that it would not be appropriate to involve the STF in the process described below. Nonetheless, the STF should continue to influence the decision-making through established mechanisms such as the conveyance of council resolutions and membership on educational committees.

The consultants also considered the inclusion of the municipal bodies, through their provincial organizations, in this approach. It could be argued that, given the fact that municipal and school authorities share the same local tax base, municipal organizations should have a voice in these decisions. Logically, it would follow that the SSTA would become involved in the decision making related to municipal financing. As noted in the section on Governance and

Organization, the consultants believe that the interests of the Saskatchewan public are best served by maintaining independent governing bodies for municipal and educational functions. Therefore, it is not proposed to include the municipal organizations in this process.

For the reasons stated above, it is recommended:

A-8 - That the Minister of Education establish a School Finance Review Board with the following mandate:

- **To advise the Minister on the projected levels of provincial and local funding, related implications and the specific distribution formulas for K-12 education**
- **To recommend, on a resource-cost basis, a definition of the educational services being supported by the provincial grant program**
- **To review, on an ongoing basis, the fairness and effectiveness of the distribution formulas in contributing to the goals of education, taxation equity, and equalization of opportunity for all pupils**
- **To conduct, or have conducted, research activities to obtain the information required to develop the formulas for the distribution of provincial transfer payments to school divisions**
- **To consider the financial impact of new program proposals on school divisions before final implementation decisions are taken**
- **To project funding requirements for the maintenance of quality educational programs.**

The membership of the board should include primarily representatives of the governing bodies in education, namely, the provincial government and the school boards. In the final analysis , these agencies have the responsibility for the financial decisions and are held accountable by the public for those decisions. However, it is also important to have persons who can provide the detailed technical advice necessary for effective decision making both from a provincial and local government perspective.

Therefore, it is recommended:

A-9 - That the membership of the School Finance Review Board include:

- **Chairperson - appointed by the Minister of Education in consultation with the Saskatchewan School Trustees Association**
- **Three Saskatchewan Education officials including a Regional Director of Education and a member of the Financial Planning Branch**
- **Three SSTA representatives**

- **One LEADS member - non-voting**
- **One Saskatchewan Finance official - non-voting**
- **One ASBOS member - non-voting.**

The chairperson of the board should be a person who has knowledge of Saskatchewan education and financial issues and who has the analytical skills necessary to evaluate the soundness of distribution programs. The secretariat to the Board should be provided through the Financial Planning Branch of Saskatchewan Education.

The proposed School Finance Review Board includes balanced representation from the local and provincial government bodies. In addition, technical support is provided through non-voting representation from ASBOS, LEADS, and Saskatchewan Finance. Through this approach, the consultants believe the quality and understanding of the disbribution formulas will be enhanced.

For the Board to fulfill its mandate, the Board will require knowledge of the instructional program initiatives being introduced at any given time. Consequently, linkage between the School Finance Review Board and the Educational Policy Advisory Committee (EPAC) should be established. This linkage could be achieved in any number of ways but the simplest way may be to appoint the chairperson of the School Finance Review Board to EPAC.

Therefore , it is recommended:

A-10 - That the chairperson of the School Finance Review Board be appointed to the Educational Policy Advisory Committee.

The consultants anticipate that the School Finance Review Board would undertake an annual process similar to that outlined below before making its recommendations to the Minister of Education:

- **An analysis of the allocation of resources by boards of education in the prior year to determine any dysfunctions between the distribution formulas and the actual allocation of funds by boards of education**
- **Consultations with Saskatchewan Finance to explore the general financial position of the Province with regard to its ability to provide funding for K-12 education**
- **An examination of taxation decisions taken by boards of education to establish the degree of and reasons for divergence from expected patterns**
- **Consultations with appropriate bodies to determine new initiatives being considered in order to consider the financial impact on school divisions**
- **Development of a definition of resources required to provide services to pupils and the cost of those resources. This definition should pay attention to unique characteristics of**

school divisions in order to develop compensatory measures for that uniqueness, if required.

- **Collection of information such as property assessments, cost of materials, salary agreements, price changes as measured by the Education Price Index, and other pertinent information.**

- **Development of the formulas to be used in the distribution of available funds to school divisions.**

- **Impact analysis of the proposals on boards of education, in terms of anticipated impact on local taxes and levels of service.**

This process incorporates the main elements required for the effective management of scarce resources. Its main purpose is to distribute resources on the basis of need in the most equitable manner possible.

A Financial Database - Key to Fairness

Since 1989, Saskatchewan Education has been collecting and distributing information on revenues and expenditure patterns among school divisions in Saskatchewan. These data are helpful in that they provide trustees and administrators with a comparative base against which the school division operations can be evaluated.

This information is also used to some extent in the development of the foundation grants program formulas in any given year. It appears that the financial analysts rely very heavily upon prior years' experience as the basis for the components of the grants programs. Of course, this information is important in the examination of school division practices, but it can be misleading if it is not balanced with more current data on the cost of providing services.

The consultants also became aware that the current categorization of school divisions masks many of the differences that exist among school divisions. Generally, the categories used by Saskatchewan Education include: rurals, villages, towns, city publics, city separates, comprehensives, and northern boards of education. These organizers were major impediments to the analysis of school division finances. The data tended to be presented on the basis of averages in the broad categories. The deviations within the categories were not obvious. **The current categories also tend to emphasize the characteristics that divide rather than promote unity of purpose, such as rural-urban, public-separate. The consultants suggest that the data should be organized in a very different manner such as size of school division, as measured by enrolment, or type of school division, as described by the nature of program offered, or both.**

The expenditure patterns of school divisions result from many factors, including the physical characteristics of the school division, the nature of the population served, the aspirations and support of the community for education, geographical proximity to required services, and **the availability of funds to provide educational services.** The detailed review of expenditure patterns among school divisions conducted by the consultants led to the inescapable conclusion that **EXPENDITURES ARE RESOURCE DRIVEN IN MANY RESPECTS.** This concept of **RESOURCE DRIVEN EXPENDITURES** requires elaboration.

In providing a service like education in which the outcomes and the impact of the input variables are not easily measured, there is strong support for additional expenditures provided the taxes levied are not deemed excessive. Consequently, boards of education, which benefit from a provincial grants program that is skewed in their favor, are able to increase expenditures while still maintaining a favorable tax rate. It is not the consultants' contention that boards of education intentionally or otherwise squander funds. Quite the contrary, additional staff, resources, buildings, buses, or whatever are provided in the earnest belief that better educational outcomes will be realized.

On the other hand, boards of education which receive less funding from a provincial grants program that is skewed against them, often provide very similar programs with fewer resources, less staff, longer bus routes, etc. but, in some cases at least, with higher local taxes. The consultants have no data to show that the educational outcomes in these situations are inferior to those in the school division with more financial resources.

To illustrate the point, in 1989-90, the average Pupil-Teacher Ratio (PTR), as defined by Saskatchewan Education was 16.2. The PTRs ranged from about 12.0 to more than 20.0 in school divisions offering similar programs. An examination of tax rates in the school divisions showed no statistical relationship between PTRs and tax rates. Yet, the financial implications of varying PTRs are significant. (A provincial PTR of 12.2 would result in increased spending of about $154 million while a PTR of 20.2 would result in reduced spending close to $95 million). The point is that, when financially possible, boards chose to expand their delivery systems. In the consultants' view, those decisions were as much **RESOURCE** driven as they were **NEEDS** driven.

The implications of this finding for the provincial grants program are clear. **If the provincial grants program is structured to reflect past practice and past practice results from skewed distribution of available resources, the differences in delivery systems and costs become exaggerated over time.** Consequently, in a shared cost system such as exists in Saskatchewan, **it is imperative that the provincial funding agency develop information about the nature and cost of the resources required to provide the level of service deemed to be necessary to achieve the desired educational outcomes.** These data would be part of the considerations of the School Finance Review Board. While it is recognized that any such data will have limitations, there is no doubt that Saskatchewan Education will improve the fairness of its financial distribution formulas if this process is adopted.

Therefore, it is recommended:

A-11 - That Saskatchewan Education conduct the necessary research and analysis to provide information about the nature and cost of the resources required to provide the level of service necessary to achieve the desired educational outcomes; with such information to be used as the basis for the SFRB decision-making regarding the distribution of provincial grants to boards of education.

Compatability of Database and Grant Structure

The consultants have identified an important issue relating to the development of a sound database for school finance purposes. **The primary source document used to collect data from school divisions is the Budget Document that boards of education are required to file annually with Saskatchewan Education. The audited financial statements are generally compatible with the Budget Document and the data collected in the financial statements are organized in much the same way. However, the foundation grant structure is unrelated to either of these documents. As a result, it is very difficult, particularly in**

relation to the conditional grants program, to establish the costs associated with those programs and the effectiveness of the grants program.

As a secondary issue, the data are currently organized on the basis of function, i.e. administration, instruction, transportation , plant operation, etc. This approach was developed decades ago and is of limited value in the management of resources. The definitions that were applied then do not provide much information about current day school divisions. For example, administration, as defined, includes only the operations of the board and the business offices of the school division. Instruction is defined to include all expenditures related to the instructional process, including expenditures associated with the office of the chief executive officer. **A more appropriate approach today might be to restructure the data to be more knowledgeable about the distribution and use of resources in cost centres within a school division.** Modern technology enables school boards to do this and the information generated by using this approach would be invaluable to the development of the database noted above and decision making at the school division level.

The consultants believe that a strong case can be made for the grants program to be structured in a similar fashion, though not in the same detail, to the financial accounting system utilized by the school divisions. The reason is this. Under a shared cost system in which the local jurisdiction retains the right to spend more or less than the provincial program, it becomes important, for reasons of accountability, to define the provincial program. **To illustrate, it has long been argued that the Saskatchewan Foundation Grant Program provides for a certain level of service and that boards of education that wish to exceed that level can do so by raising more funds locally. The problem is that the provincial level of service is undefined and there is no relationship between levels of service approved by the boards of education and the tax rates they levy.** The best means of defining the provincial program for grants distribution purposes may well be in terms understood by school boards and their administrators, i.e., the cost of resources required to deliver the services. Elements of such a definition might include: administration and support services cost per pupil; class unit sizes (which could vary by school division according to established formulas); facilities costs per pupil or per square meter or energy usage or a combination of all factors; transportation costs; capital costs; etc. These are defined more precisely later but the concept is presented here to assist the reader. However, this approach can only be implemented if resources are available to create and maintain a sound database that reflects the nature and scope of school division operations.

Therefore, it is recommended:

> **A-12 - That Saskatchewan Education revise the budget document and financial statements required from boards of education to more appropriately reflect the nature and scope of school division operations and to organize the data to better assist with decision making.**
>
> **A-13 - That Saskatchewan Education structure the grants program to be consistent with the structure of the budget document and the financial statements to provide better information about the relationship between the grant structure and expenditure patterns.**

Currently, the financial accounting systems make no distinction between operating and capital expenditures except for land, buildings and equipment and furniture purchased in conjunction with a departmentally approved capital project. Again, this practice originates from a point in time in which there was little need to distinguish between operating and capital costs.

The consultants believe that the nature of schooling and the school today, and in the future, requires much more attention to capital expenditures in the financial accounting systems. In particular, school boards are making major expenditures to respond to the technological requirements of today's world without giving due consideration to the financial impact of those decisions on future budgets. The balance sheets in the financial statements include no data on capital assets, except as noted above, and school boards have little or no idea of the capital outlays that will be required to replace equipment in the future.

Therefore, it is recommended:

A-14 - That the financial statements and accounting requirements be changed to provide for clearer identification of capital costs in school divisions and that the definition of capital be broadened to include all fixed assets, and, furnishings, machinery, vehicles and equipment.

This particular concept is discussed in detail in the chapter dealing with capital requirements.

Finally, during the course of the study, the consultants discussed the issue of financial reporting with the chairman of the Public Institutions Committee of the Institute of Chartered Accountants of Saskatchewan. The Institute would be interested in working with Saskatchewan Education and others to review financial reporting requirements for boards of education.

Distribution of Provincial Funds - A Proposal

The proposal which follows is based on the following principles:

- **The funding of K-12 education will continue to be on a shared cost basis requiring funds from the property tax base as well as other tax bases**
- **Boards of education will continue to have the authority to exercise local autonomy in their decision making**
- **The primary goals of the program will be equality of educational opportunity for pupils and equity in tax effort among taxpayers**
- **The levels of service deemed necessary to deliver the educational program required to meet the desirable educational outcomes will be defined more clearly.**
- **The defined levels of service will be those services eligible for shared cost funding.**
- **The cost of resources needed to provide the required levels of service will be determined, with consideration of the uniqueness of the characteristics within school divisions**

- **The program will promote greater accountability for both the provincial and local decisions on service levels provided in each school division**

- **A clearer distinction will be made between the conditional and unconditional funding components of the program. Conditional grants will be identified in a precise manner**

- **The definition of CAPITAL will be broadened to reflect the modern requirements of school divisions**

- **The structure of the budget document and the financial statements provided by boards of education will correspond closely to the structure of the grants program.**

Basic Structure. The proposal described below is a **FOUNDATION GRANTS PROGRAM** with the added elements of the **RESOURCE COST MODEL. The consultants believe that the primary objectives can be best realized when the cost levels, on which the grants are calculated, approach the costs of providing the service levels required to meet the desired outcomes.** Unlike the "pure" foundation grant program approaches, the intent of this proposal is not to provide a "minimum" level of service but rather a defined and appropriate level of service that meets the needs of Saskatchewan pupils. The consultants recognize that significant debate could evolve about the components of the level of service, the proposed School Finance Review Board would be the vehicle for the resolution of those issues.

What is meant by a **RESOURCE COST MODEL(RCM)**? Lawton defines RCMs as follows:

> **An RCM is a particular type of program financing. As described by Chamber and Parrish, the RCM contains three basic elements: "1) program and service specifications from the provincial level; 2) student enrolment patterns from the school board level; 3) resource price and cost data from a cost of education index analysis." The primary distinction between RCMs and program funding, in general, is the method of costing. In RCMs, funding levels for particular programs are based on the price of various educational inputs at the local level and the amount of those inputs needed to provide a specified level of service (Lawton, 1987, p. 46).**

Lawton adds:

> In this context, it is important to recognize the difference between the price and cost of a given level of service. Two school systems may pay equal prices for salaries and supplies, yet their costs for providing the same type and level of service may differ considerably. For example, the per pupil cost in an isolated, rural school enrolling 50 pupils would normally be greater than that in an elementary school of moderate size in a suburban school board. Even if the price of teachers, school buses, fuel, and so forth were the same, the rural school would experience high per pupil

> transportation costs and its fixed costs for a principal, secretary and the like would be spread over fewer pupils than would be the case for the larger suburban school. By taking into account both price differences and program cost differences, **resource cost models are seen to provide the most valid approach for determining appropriate funding levels.**(emphasis added)
>
> The primary purpose of RCMs is to establish funding levels, but they can also be used to provide benchmarks for assessing expenditure levels for school systems and programs. That is, they can be used to promote accountability. To facilitate this, school systems can be required to structure both budgets and expenditure reports using the same categories developed for the province's RCMs (Lawton,1987,p. 47).

The RCM is translated into a **fiscal framework** which describes the educational services, called **service levels,** and a statement of acceptable costs of delivering the services in each school division, called **cost factors.** [1] **Under the decision making structure proposed in this report, the School Finance Review Board would develop the fiscal framework for consideration by the Minister of Education.** This proposal is consistent with the partnership in educational decision making evident in this province.

The consultants believe that the adoption of this approach will change the focus on educational funding from the appropriate ratio of provincial:local funding to the consideration of appropriate service levels to be provided to pupils. The consultants caution that, if too much precision is built into the RCM, the price and cost levels will become complex and arbitrary. The danger in this approach is that too much definition will be attempted. In addition, this approach will work best within an organizational structure that minimizes the differences in characteristics among school divisions.

Budget and Funding Program Structure. The consultants believe that the current budget structure does not meet the requirements of a modern school division. Therefore, it is recommended:

> A-15 - That the budget structure for school divisions be revised to include the following components:
>
> . **Administration and Support Services**
> . **Instruction K - 9**
> . **Instruction 10 - 12**
> . **Special Services**
> . **Plant Operation and Maintenance**
> . **Ancillary Services**
> . **Transportation**
> . **Discretionary**
> . **Capital**
>
> A brief description of each follows. (See Figure A-1)

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[1] These terms have been used by the British Columbia Department of Education.

Figure A-1
Service Levels Structure

Basic Service Levels	Cost ($)
• *Administration and Support Services*	a
• *Instruction (K-9)*	b
• *Instruction (10-12)*	c
• *Plant Operation and Maintenance*	d
• *Discretionary*	e
Total - Basic Service Levels (a+b+c+d+e)	X
Other Service Levels	
• *Special Services*	f
• *Transportation*	g
• *Ancillary Services*	h
Total - Other Service Levels (f+g+h)	Y
Grand Total - Shared Cost Service Levels (X+Y)	Z

Operating Costs Only

Administration and Support Services. This component of the fiscal framework would include the costs associated with local and division boards of education; educational and business administration; personnel and community relations; instructional support such as program consultants, excluding Special Education; curriculum and professional development and related expenses. The intent of this component is to capture the costs at the school division level, as compared to the school level.

Instruction K-9. The consultants are proposing to have only two instructional components in the fiscal framework. The consultants have no data to suggest that the cost of middle years education is significantly different from the cost of primary education. This component would include costs associated with classroom teaching; learning resource centers; Special Needs pupils as currently defined under the SNFP funding program; second language programs; school administration; curriculum implementation and student counseling based on enrolments in k-9 programs.

Instruction 10-12. This component would be very similar to the K-9 component but could include additional costs related to technical-vocational programs; driver education; and career counseling.

Special Services. The primary focus of this component would be to capture the costs associated with Special Education services associated with the conditional funding provided for Special Education. This component would include costs related to what is currently known as High Cost pupils; Shared Services; English as a Second Language Program; specific services such as Hospital, Homebound and special health assistance such as nursing; and the assessment and identification of pupils requiring special programs.

Plant Operation and Maintenance. This component framework would include costs related to the maintenance of buildings, grounds, vehicles, and equipment; caretaking of facilities; and utilities and services.

Ancillary Services. This component would deal with services not normally provided in school divisions and could include costs related to correspondence schools; cafeteria operations; community use of facilities; supplies for resale to others; teacherages; and fees to purchase such services.

Transportation. This component would deal with costs related to the transportation of pupils for all programs, including regular, special education, second language and extra-curricular activities.

Discretionary. This component is included in recognition of the fact that all school boards are faced with some local situations that cannot be easily defined or included in a fiscal framework.

Capital. This component would deal with costs associated with new construction or renovation of facilities; purchase or replacement of equipment, furniture, computers for both instructional and non-instructional purposes; purchase or replacement of vehicles, excluding those required for the transportation of pupils; and lease cost of facilities.

For the purposes of implementation, this structure requires detailing such as that included in the current budget document. **The detailed structure should be developed by the Financial Planning Branch of Saskatchewan Education for consideration by the School**

Finance Review Board and approval by the Minister of Education. The budget document would serve as the basis for the collection of information from school divisions; however, school divisions may organize the data differently for internal managerial use.

The **fiscal framework** in the grant structure should mirror the budget structure to allow relatively easy analysis of expenditure patterns relative to funding provisions. **The development of the service levels is, perhaps, the most critical step in determining the basis for funding and the eventual fairness of the distribution formulas.** The consultants note several issues to be addressed under each component of the service levels in the fiscal framework. This list of issues is not intended to be all-inclusive but it is intended to provide direction for the planners and the School Finance Review Board. **It is also noted that the service levels are developed only for the purpose of distributing funds and not to dictate to school boards the nature of their organizational structures. School boards that wished to follow the fiscal framework in the allocation of resources within their school divisions would be free to do so. School boards that wished to allocate resources differently would also be free to do so.**

The fiscal framework also defines the nature of the educational service levels the province is prepared to fund on a cost shared basis. Boards of education choosing to provide more or fewer services would see the cost of those decisions reflected in the tax rates levied.

Administration and Support Services

Trustee Expenses - Local and Division
Educational Administration - Director of Education, number of professional and clerical support staff, materials and supplies, travel allowances, and related expenses based on pupil enrolments
Business Administration - Superintendent of Administration, number of professional and clerical support staff, materials, supplies, travel allowances, legal and audit fees and related expenses based on pupil enrolments
Personnel and Community Relations - number of staff and associated costs
Instructional Support - number of staff engaged in professional and curriculum support activities plus related expenses; professional development

Instruction K - 9

Classroom Instruction - Number of teachers and support staff based on enrolment; teaching materials and supplies; textbooks
School Administration - Amount of FTE administration release time and support staff; materials and supplies; travel costs
Second Language Programs - staffing and materials
Instructional support - Learning Resource Center staff and materials; counseling; professional activities; student related expenses; co-curricular activities
Special Needs - number of professional and support staff based on percentage of enrolment
Special Factors - distance; program scope

Instruction 10 - 12

Same issues as K - 9 but with different allocations

Special Services

High-Cost - number of professional and support staff and associated costs based on incidence
Other Special (English as a Second Language; Native Education) - number of professional and support staff and associated costs based on incidence
Assessment and Support Services - number of professional and support staff based on enrolment and/or incidence
Other Programs - Homebound, Hospital, etc. based on incidence and/or agreement

Plant Operation and Maintenance

Maintenance - based on allowance/square meter plus allowance/pupil adjusted according to weighted average age of facility. For vehicles, schedule to reflect distances
Caretaking - based on allowance/square meter plus allowance/pupil
Utilities - based on allowance/square meter and allowance/pupil and/or energy cost schedule

Ancillary Services

Based on agreements

Transportation

Regular and Special Education -
As per proposal in January, 1991 Progress Report
Co-curricular Activities - based on allowance/pupil

Discretionary

Based on a percentage of the first five categories

This portion of the fiscal framework dealt with the operating costs of the school division. The capital component will be dealt with in the chapter on Capital Requirements.

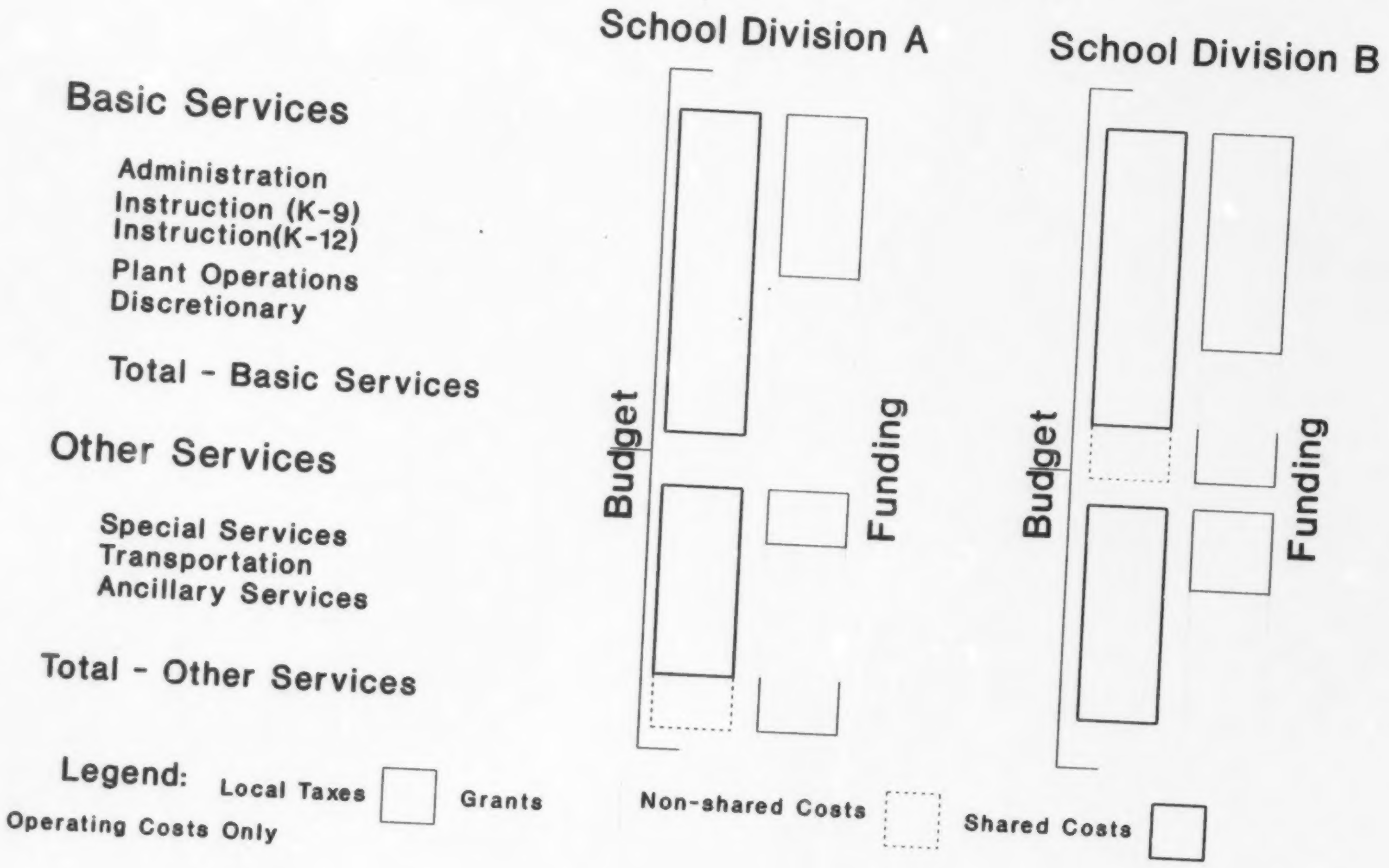
Cost Factors. Once the fiscal framework is established, RCM requires that cost factors be established for each school division. **While the fiscal framework defined the standard level of service for which provincial support would be provided, the cost factors take into account the differences in cost among school divisions for the standard level.** For example, two school divisions with identical enrolments and other characteristics would have the same standard level of service; however, if the average teacher salary were five per cent higher in one school division than another, the difference would be reflected in the funding formula. This would also apply to other factors, including the cost of materials and supplies. Implementation of this approach eliminates the need for adjustment factors such as the Sparsity factor.

The cost factors must be reviewed on an annual basis and adjusted according to price changes. The Education Price Index and information provided by school divisions could serve as the basis for these adjustments. Fundamentally, if the Resource Cost Model is to be effective, the costs must be realistic. If not, many of the current problems will continue.

The consultants believe that the establishment of a School Finance Review Board and the adoption of a Resource Cost Model with specified service levels will result in a better understanding of the issues surrounding the funding of K-12 education. As well, the partnership required to finance K-12 education within a governing structure that allows local autonomy will be formalized through the SFRB. Hopefully, the focus of the

Figure A-2

Fiscal Framework Illustration


School Division A
School Division B
Basic Services
Administration
Instruction (K-9)
Instruction(K-12)
Plant Operations
Discretionary
Total - Basic Services
Other Services
Special Services
Transportation
Ancillary Services
Total - Other Services
Budget
Funding
Budget
Funding
Legend:
Operating Costs Only
Local Taxes
Grants
Non-shared Costs
Shared Costs

debate on school funding will be on the service levels required and their affordability rather than the respective share of costs borne by the provincial and local tax bases.

Fiscal Framework Illustration. The fiscal framework is depicted in Figure A-2. The illustration depicts two school divisions. School Division A's budget includes basic services equal to the service levels established by the SFRB. However, the Other Services exceed the provincial levels somewhat. Consequently, School Division A must not only raise local taxes to cover its share of the shared cost services but also those Other Services beyond the provincial levels established.

On the other hand, School Division B has budgeted for basic service levels in excess of the provincial basic service levels established but has Other Services at the same level as the provincial level. Again, in this case, the School Division will require an additional local levy beyond the shared cost levy to finance these extra expenditures.

The illustration also shows that School Division B will be financed mostly through local taxes while School Division A will be financed primarily through provincial grants. The principle of equalization applies. School Division B has a larger tax base and, therefore, would raise more funds locally.

Provincial Grant Calculation. Once the service levels and the cost factors have been established, it is necessary to determine the nature of the cost sharing between the provincial and local levels of government. There is no point in developing service levels that either, or both, levels of government are unable or unwilling to fund.

The first step in the process is to develop an aggregate cost of the services to be funded. This aggregate cost would not include the additional services provided locally, beyond the service levels in the fiscal framework. For example, the service level cost might be established at $900,000,000; the next question being: How much is financed through the provincial tax bases? How much is financed through the local tax bases?

The proposal put forward by the consultants assumes that a shared cost funding program requires a collaborative decision making process between the funding agencies. The role of the SFRB in the determination of the share of costs to be borne by both levels of government is likely the key to the success of this approach. The SFRB will be recommending the required service levels to the Minister of Education. The SFRB should also recommend the appropriate sharing of costs between the levels of government.

The consultants note that the sequence of events contained in this proposal provides opportunities for discussion and conflict resolution. The schedule is as follows, based on the school division fiscal year being September to August:

Sept. - Oct.	Data Collection
January	SFRB Fiscal Framework
March	Provincial Budget and Grants Possible SFRB Adjustments to Fiscal Framework
April	School Division Budgets Mill rates set
August	End of school division fiscal year

The schedule allows some time for the SFRB to consider adjustments to the fiscal framework in the event the provincial grant allocation is not in accordance with proposals submitted. For example, let us suppose the anticipated cost of the service levels is $900,000,000 and the provincial share is recommended at $500,000,000. If the provincial government agreed, the local tax share would be $400,000,000. However, if the provincial government decided to allocate $475,000,000, then a shortfall of $25,000,000 would exist. The shortfall could be covered by: 1) adjusting the service levels (not the cost factors) accordingly; 2) higher than anticipated local tax levies; or 3) a combination of both. In any event, the SFRB should have the opportunity to discuss and recommend a course of action.

The consultants understand that this approach will require a constructive problem solving approach to the shared financing of schools. It is expected that political pressures will continue to adjust service levels or the cost sharing but the SFRB will provide a vehicle whereby these matters can be thoroughly discussed by the parties affected. Both Saskatchewan Education and boards of education will have a better understanding of the issues at hand. This approach, while enhancing the funding partnership, also maintains the independence and autonomy of the local governmental authority.

The second level of decision making required, after the service levels, cost factors, and average cost sharing have been established, is the distribution of funds to school divisions.

Provincial:Local Average Funding Ratio. **The consultants propose that the School Finance Review Board be given the responsibility to recommend annually the average provincial:local funding ratio.** The membership of this board includes representation from both the local and provincial levels of government who should be in a position to assess the implications of setting the provincial:local ratio at different rates. The SFRB would have the information required to assess the cost of the service levels in the fiscal framework and the resulting impact on both the provincial and local government treasuries.

Distribution of Funds to School Divisions. Once the average provincial:local funding ratio is established, the provincial:school division ratio for each school division must be calculated. **The primary goal is for grants to be distributed in such a way as to enable each school board to deliver the service levels identified in the fiscal framework with similar tax effort at the school division level.**

In order to achieve the goal, the ability of a school division to raise funds, i.e. its **fiscal capacity** must be considered. The primary measure of a school division's fiscal capacity is its local tax base, or property assessment. Everything else being equal, a school division with a larger tax base would receive less provincial support than a school division with a smaller tax base. To put it another way, given two school divisions with the same costs resulting from the fiscal framework, the percentage of costs covered by provincial grants would be larger in the school division with the smaller tax base. Saskatchewan's commitment to equalization is well established and these proposals will increase the opportunity to improve on equalization.

The calculation of the local share of the recognized expenditures can be done in several ways. First, the current method of applying an equalization factor (formerly the Computational Mill Rate) to the school division's derived assessment could be maintained. The end result is the same as applying a percentage calculation. Using this approach, **the primary change from the current foundation grant program is a more precise definition of the service levels being provided under the fiscal framework.**

Second, the Minister could establish a fixed percentage of the recognized costs to be paid to all school boards and an additional component to be paid in accordance with the fiscal capacity of the school division. For example, if the average provincial percentage were established at 60 percent of the recognized costs, the grants could be calculated on the basis of 30 percent of recognized costs for all school divisions plus an additional percentage to be based on the fiscal capacity of the school division. The total of the additional component for all school divisions would be equal to the other 30 percent. Under this approach, the province would actually establish a minimum grant support of 30 percent of the cost of approved service levels. Depending on the variances in fiscal capacity, this approach could result in compromising the goal of equalization because even the wealthiest divisions would receive a grant equal to 30 percent of its recognized expenditures. **This approach should only be considered if the provincial share of recognized expenditures is sufficiently high so the goal of equalization is not compromised.**

Third, the calculation could be done on a percentage equalization approach with the recognized expenditure as the basis for the calculation. This approach would yield similar results as the first approach when the recognized expenditures were similar for school divisions with similar tax bases. However, deviations in tax effort would result if the recognized expenditures for school divisions with similar tax bases differed significantly.

Fourth, the grant calculation could be done on each component of the fiscal framework using variable percentages for each major component. This is the consultant's preferred option and is described in detail below.

The consultants propose that the service levels include two major components: Basic Service and Other Service.

Basic Service Level - The Basic Service level should include the following components of the fiscal framework:

Administration and Support Services
Instruction (K-9)
Instruction (10-12)
Plant Operation and Maintenance
Discretionary

The Basic Service level should be funded on a shared cost basis with the local tax effort, i.e. mill rate, in each school division being identical. In other words, full equalization would occur in the financing of the Basic Service levels. These components are common to school division operations across the province. Because of this, the provincial grant support for this component of the program is proposed to be lower than for the Other Service component.

Other Service Level - The Other Service level should include the following elements of the fiscal framework:

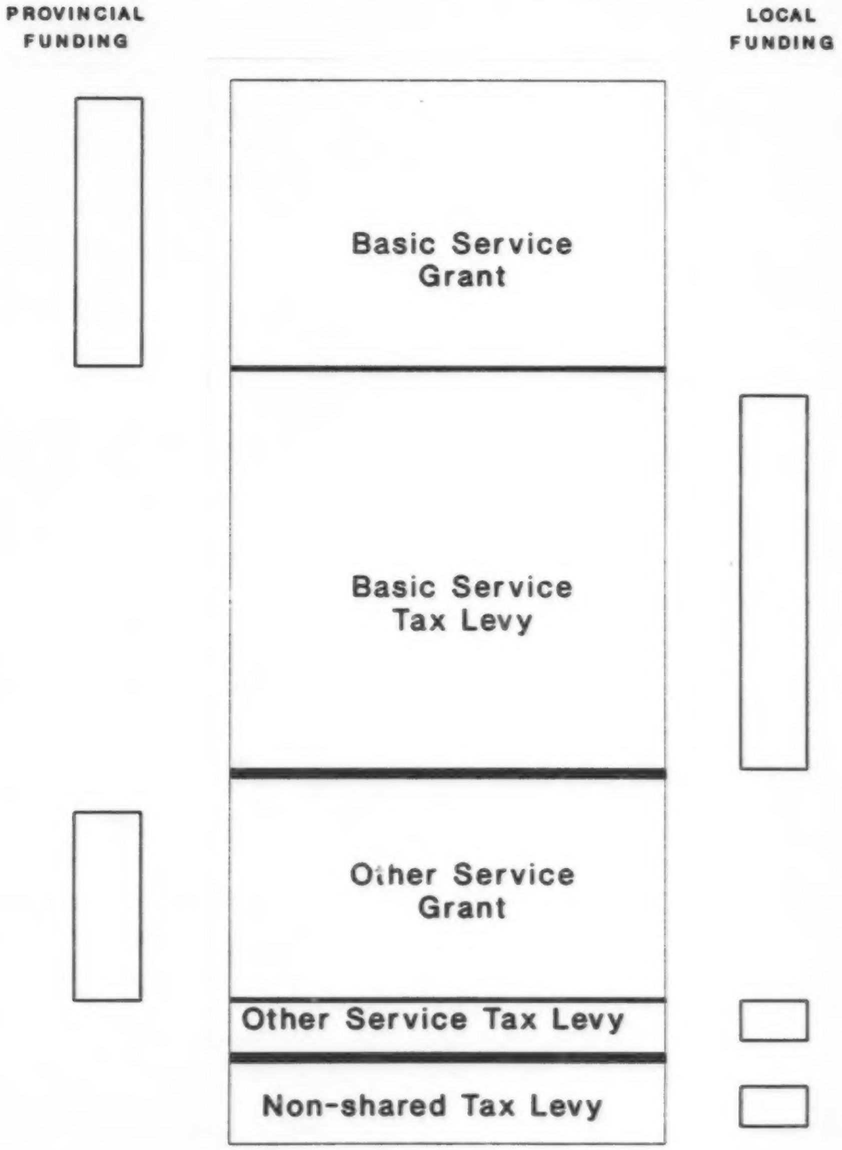
Special Services
Transportation
Ancillary Services

The level and cost of these services vary greatly from school division to school division. Consequently, in the interests of equalization, it is necessary to provide a high level of provincial support for these programs, varying in accordance with the fiscal

Figure A-3

SCHOOL DIVISION FUNDING

Service Level Basis


PROVINCIAL FUNDING
LOCAL FUNDING
Basic Service Grant
Basic Service Tax Levy
Other Service Grant
Other Service Tax Levy
Non-shared Tax Levy

Operating Costs Only

capacity of the school division. On average, the provincial support for Special Services and Ancillary Services should be at 90 percent of the recognized cost. The provincial support for transportation services should be in accordance with the proposal contained in the Progress Report. The consultants recognize that the goal of equalization is compromised slightly in this component; however, a local contribution is required in the interests of promoting efficient use of resources.

Under this approach, the provincial grant support for both the Basic Service and Other Service levels is clearly identified. The local tax levy required for the service levels within the fiscal framework is also clearly identified. Finally, the additional tax levy required to fund service levels beyond the fiscal framework is also clearly identified. The consultants believe this approach will improve the understanding of the fiscal responsibilities.

As depicted in Figure A-3, the shared funding is comprised of four components: basic service grant, basic service tax levy; Other Service Grant; and Other Service tax levy. These four components finance the service levels established by the SFRB. In addition, when a board of education chooses to exceed the SFRB service levels, the board will be required to levy additional taxes to cover the costs of the non-shared service levels.

Further, Figure A-3 shows that the provincial share of the costs associated with Other Services is significantly greater than the provincial share of the costs for Basic Services. As noted above, this variance is required in recognition of the fact that the incidence of such services varies greatly from division to division.

The consultants recognize that this conceptual design of the distribution formulas will need to be developed more fully prior to implementation. In particular, the definition of the service levels and an impact analysis on school divisions will require close attention.

The consultants also reiterate that this approach will be most successful if the proposals on school division reorganization are implemented.

Therefore, it is recommended:

A-16 - That Saskatchewan Education implement the proposed foundation grant program as described in pages 28-40 of this report incorporating a Resource Cost Model approach for the purposes of distributing provincial funds to school boards with the 1993-94 fiscal year.

Additional Issues

Special Education

In 1971, legislation was enacted to require school divisions to provide appropriate educational services to all pupils. In response to that legislation, Saskatchewan Education developed funding protocols to support special education programs in school divisions.

The 1971 grant provisions included one level of high cost funding for each pupil identified as mentally retarded, hearing impaired, visually impaired or physically disabled. Criteria for funding eligibility were established with little difficulty.

In response to board of education concerns that many pupils who did not meet the high cost funding criteria still required special services, Saskatchewan Education introduced low cost funding in 1973. A preferred rate was applied unconditionally to 2 percent of the Division I, II, and III enrolments. Division IV pupils were not included for a number of reasons, including the fact that few Division IV programs at the time had a special education emphasis.

In 1974, a second level of high cost funding was introduced to acknowledge the higher costs of providing services to hearing impaired and visually impaired. Staffing and equipment costs were deemed higher for these two groups.

In 1975, concerns were expressed about support for programs for the learning disabled. After some preliminary investigation, a Minister's Advisory Committee on Learning Disabilities was formed. The Committee's recommendations to establish criteria to identify learning disabled pupils and to include the learning disabled in high cost funding were accepted in 1977. In 1979, the criteria were adjusted to expand the target population eligible for high cost funding. As well, the percentage of the Division I-III enrolment recognized for low cost funding was increased to 3 percent from 2 percent.

In 1978, the responsibility for developmental centre programs for multiple handicapped pupils was transferred to the Department of Education. In addition, school boards were given the right to provide services to preschool children with handicaps. A third level of high cost funding was introduced to recognize the higher costs of providing these services.

In 1981, Saskatchewan Education introduced the Shared Services Program for school divisions outside Regina and Saskatoon. This program was designed to provide speech and language therapy and educational psychology services in rural Saskatchewan. A total of 17 shared services areas were formed. Initially, two positions were recognized in each area and the number was increased to 3.5 positions in 1989.

Ongoing concerns with the protocol and criteria governing the identification of learning disabled pupils were expressed in the early 1980s. The number of learning disabled pupils designated for high cost funding increased rapidly and the legitimacy of the approach came under severe attack.

In 1987, Saskatchewan Education decided to eliminate high cost funding for learning disabled and emotionally disturbed pupils and the low cost funding based on percentage of enrolment. In 1987, funding to school divisions for these pupils was frozen at the 1986 levels, pending review of the program. This freeze continued until 1990 when the Special Needs Funding Program (SNFP) was established. SNFP recognition is conditional upon provision of staff employed to support pupils who are learning disabled, emotionally disturbed or moderately handicapped. Funding is limited to finance one staffing unit for each 200 K-12 pupils.

In 1990, the Level III high cost funding was eliminated.

Finally, in 1988, Saskatchewan Education established the Enhancement Grant to provide supplementary funding to school divisions serving pupils whose educational costs were extraordinarily high. This program was discontinued in 1991.

This brief description of special education funding since 1971 shows the complexity of the issues related to recognition and level of funding. In 1990, the recognized expenditures on account of special education exceeded $35 million.

Issues Regarding Special Education Funding.

The consultants have identified several issues, including the following:

. Does incremental funding for special education increase the level of provincial funding for K-12 education or is it a redistribution of funds away from regular programs to special services? The perception is important. The consultants believe that special education staff and special interest groups tend to view the "recognized costs" for special education as "additional grants." That is, a High-Cost I recognition of $4,306 yields increased grants to school boards in that amount.

. Do the recognized costs for special education reflect the actual cost of providing services?

. Is the incidence of learning disabilities, moderate handicaps and emotionally disturbed evenly distributed among school divisions, or is the incidence greater in some types of school divisions?

. Given the legislative requirement to provide services, what criteria should govern the distribution of funds for special education services?

Observations. The matter of funding special education services has been problematic for several reasons. **First, the criteria established to define need for significant groups have not been clearly defined.** Consequently, the incidence of need is subject to a debate that has no easy resolution. In particular, the issue of services required by pupils with learning disabilities or pupils with moderate handicaps remains largely unresolved. Who needs the services? What is the nature and cost of the services? **Second, the delivery systems for services to pupils with special needs are also the subject of controversy.** Many advocacy groups often promote mainstreaming as the preferred delivery system but others prefer a congregated setting. **Third, the cost of providing these services varies greatly from location to location and can have a major impact on the budgets of school divisions, particularly those with small tax bases or those with high incidence of need. Fourth, advocacy groups focus the debate on particular needs and apply consistent pressure to have their demands met. Fifth, there has been considerable confusion on the precise nature of provincial funding in support of these services. The relationship between cost and grant support has**

been tenuous. Sixth, the large number of school divisions has meant that the funding programs have had to take into account anomalies that might have otherwise been addressed within the school division.

The consultants recommend:

A-17 - That funding for special education services be restructured, based on the following principles:

- **The recognition of costs for grant purposes should be based on the amount and cost of resources required to provide the services needed to realize the objectives.**

- **The funding for services to gifted or mildly handicapped pupils should be included in the funding protocols in recognition of the fact that these are basic services to be provided by boards of education.**

- **For exceptional pupils for whom criteria are not well defined, such as the learning disabled, the additional financial support should be based on a fixed percentage of enrolment and the cost of the resources needed to provide services.** That is, the distribution formula would provide for service levels at unit costs for a fixed percentage of total enrolment. Note: The consultants received no data to support the proposition that a wide range of need existed among school divisions. The data suggest that the service levels provided were more closely linked to available resources or board of education decisions than to special needs.

- **For exceptional pupils for whom criteria are well defined, the basis for funding should be the cost of the resources needed to provide services to identified pupils.** In effect, this approach would maintain the existing high cost funding structure with clearer identification of resources and should be included under the Other Service component of the fiscal framework.

- **A High-Cost Level III component should be created for those pupils for whom the cost of providing services is extraordinarily high.** The grant support should be established at 90 percent of the actual cost of providing an approved service level under the Other Service component of the fiscal framework.

- **The funding programs should reflect the need for specialist staff required to support special programs.** The recognition should be based on total enrolment, i.e. one special support unit for every X pupils. In effect, this approach would replace the shared services programs and extend support to all school divisions. This approach can best be implemented in a revised school division structure encompassing larger school divisions. This component should be included under the Basic Service component of the fiscal framework.

- **The levels of provincial funding for special services as defined in the fiscal framework, and grants paid, should be clearly identifiable.** For special services, the level of support should be set at 90 percent of the service level costs, on average. This is particularly important for those components of the program that have varying incidence of need.
- **The additional cost of providing transportation services for special education pupils should be clearly identified and updated.**

Finally, the consultants believe that the responsibility for developing, and maintaining the funding distribution formulas for special education should reside within the Financial Planning Branch of Saskatchewan Education. The responsibility of the Special Education Branch should be to conduct the necessary research to provide the information required for the development of sound distribution formulas. **As well, these formulas should be subject to review by the School Finance Review Board as part of the fiscal framework. Under this approach, the funding programs for special education would likely be more compatible with the basic grants program.**

Northern Education

The regulations governing school grants make special provision for the three school divisions located in Northern Saskatchewan. In 1990 these three divisions - Northern Lights, Ile a la Crosse, and Creighton - operated 34 schools serving 5,329 pupils. The largest of the school divisions is Northern Lights with 4,451 pupils in 31 schools. Ile a la Crosse operates one school with 409 pupils and Creighton operates two schools with 469 pupils.

Under the 1990 regulations, the basic recognized rates were adjusted by a Northern Factor for each of the school divisions to take into account the higher costs to provide services in these communities. The factors for Northern Lights, Ile a la Crosse and Creighton were 1.33, 1.34, and 1.35, respectively. In addition, the transportation recognized rates were adjusted for the Northern Lights school division with factors applied to each community ranging from 1.00 at La Ronge and 1.81 at Stony Rapids. In effect, Saskatchewan Education has attempted to recognize the uniqueness of these school divisions in the funding programs.

The fiscal capacity of these school divisions, as measured by their assessment per pupil is very low at about 40 percent of the provincial average. In 1989, revenues from taxes accounted for about nine percent of total revenues, whereas provincial grants accounted for about 75 percent of total revenues. Revenues from tuition fees were also close to nine percent of total revenues.

The mill rates levied in 1989 ranged from 40.5 to 47 mills. In 1991, the rates ranged from 46.0 to 53.0 mills, still among the lowest in the province.

Since 1982, approved capital expenditures in these three school divisions were

$40.75 million, of which $40.27 was spent in the Northern Lights school division. This represents 7.3 percent of the total approved costs in the province for the period. These school divisions enrol under three percent of the total number of pupils in the province. The higher capital costs can be attributed to burgeoning needs during those years and the higher costs of construction.

Observations. The consultants did not conduct a detailed review of the financing of northern Saskatchewan schools. However, the data indicate that, by and large, the financial resources provided to these school divisions permitted the delivery of quality services to pupils. To illustrate, the mill rates levied are substantially lower than in the province and, with the exception of Ile a la Crosse, the pupil-teacher ratios are also considerably lower than the provincial averages.

. Given that the funding formulas are based on the recognized rates applicable to other school divisions, the issues raised in the Progress Report apply to these school divisions as well.

. The Northern Lights school division is very different from the other two school divisions in the nature of its operations. Both Creighton and Ile a la Crosse operate a large school while Northern Lights operates thirty-one schools with 14 of them with enrolments below 50 pupils in widely scattered communities.

. The Resource Cost model advocated for the distribution of funds would serve the interests of these school divisions particularly well. The definition of service levels and the application of cost factors to these service levels would assist both the school division and Saskatchewan Education.

. The fiscal capacity of the school divisions is very limited. The ability of these school divisions to raise funds locally is likely to be limited on an ongoing basis. Therefore, the distribution formulas assume much greater importance for these school divisions because the ability to adjust to inadequate distribution formulas through local taxation is restricted.

Fiscal Year

The fiscal year for Saskatchewan school divisions is the calendar year. The question reviewed by the consultants was the appropriateness of this fiscal year to school division operations.

As a basic guide, an organization's fiscal reporting year should be closely tied to its operational year, unless there are overriding reasons to do otherwise. For boards of education, the operational year is the school year but the fiscal year is the calendar year. To what extent does this arrangement support or detract from effective fiscal management?

In 1985, the Local Government Finance Commission reviewed this question and concluded that there was not sufficient reason to propose change to the current arrangements (LGFC, 1986, p. 272). However, the issue has been re-examined within the context of current financial pressures.

Under the existing arrangements, boards of education establish their budgets when at least one-fourth of their fiscal year has been completed. In terms of their

operations, boards of education have little flexibility to effect change to reflect economic conditions during the first six months of the fiscal year. Consequently, when significant changes occur in the level of grant support, boards of education are limited significantly in their ability to react.

When fiscal growth is evident and changes in funding patterns are few, the incompatibility of the fiscal and operational years is not of great concern. **However, in current circumstances, the problems associated with this issue are significant and, in the consultants' view, need to be addressed. It is noted that, at its last annual convention, the SSTA adopted a resolution supporting a change in the fiscal year of school divisions.**

The consultants have concluded that adoption of a fiscal year to coincide closely with the school year would have several advantages. In particular, this approach would assist with planning and improve dramatically the ability of the school divisions to respond to changing economic circumstances. However, the consultants have identified significant issues to be addressed in the implementation of this proposal.

Therefore, it is recommended:

A-18 - That the fiscal year for school divisions begin on September 1 and end on August 31.

Implications of a Changed Fiscal Year

The consultants have identified several implications resulting from this recommendation.

Transitionary Budget. To make the change, it will be necessary for boards of education to develop a transitionary budget. Several options are available but the consultants preferred option would be to require boards to develop an eight month budget for the January to August period in the transition year and an annual budget for the next school year. By so doing, the boards of education would only have one year in which the historical data would not be available for future use.

Alternatively, boards of education could be required to develop an eighteen month budget for the January to June period in the year of transition and the next school year.

Timing of School Division Budgets. The schedule for approval of school division budgets should be extended to May 15 from March 31. In the last several years, the Minister of Education has granted extensions to this deadline because of the lateness of the provincial budgets. Consequently, this modification of deadlines would not be a major change and would likely be seen as beneficial to effective planning in school divisions. The consultants anticipate that municipalities will still have the calendar year as their fiscal year. Consequently, the school board levies should be set no later than May 15 to permit the processing of tax notices before the end of May. It is noted that the setting of mill rates and the mailing of tax notices would be delayed somewhat in urban centers.

Practices in Other Provinces. A review of practices in other provinces shows that currently six of the ten provinces have established the school year as the fiscal year for school divisions. The last two provinces to make this change were Alberta and British Columbia.

Fiscal Years

School, Municipal, Provincial

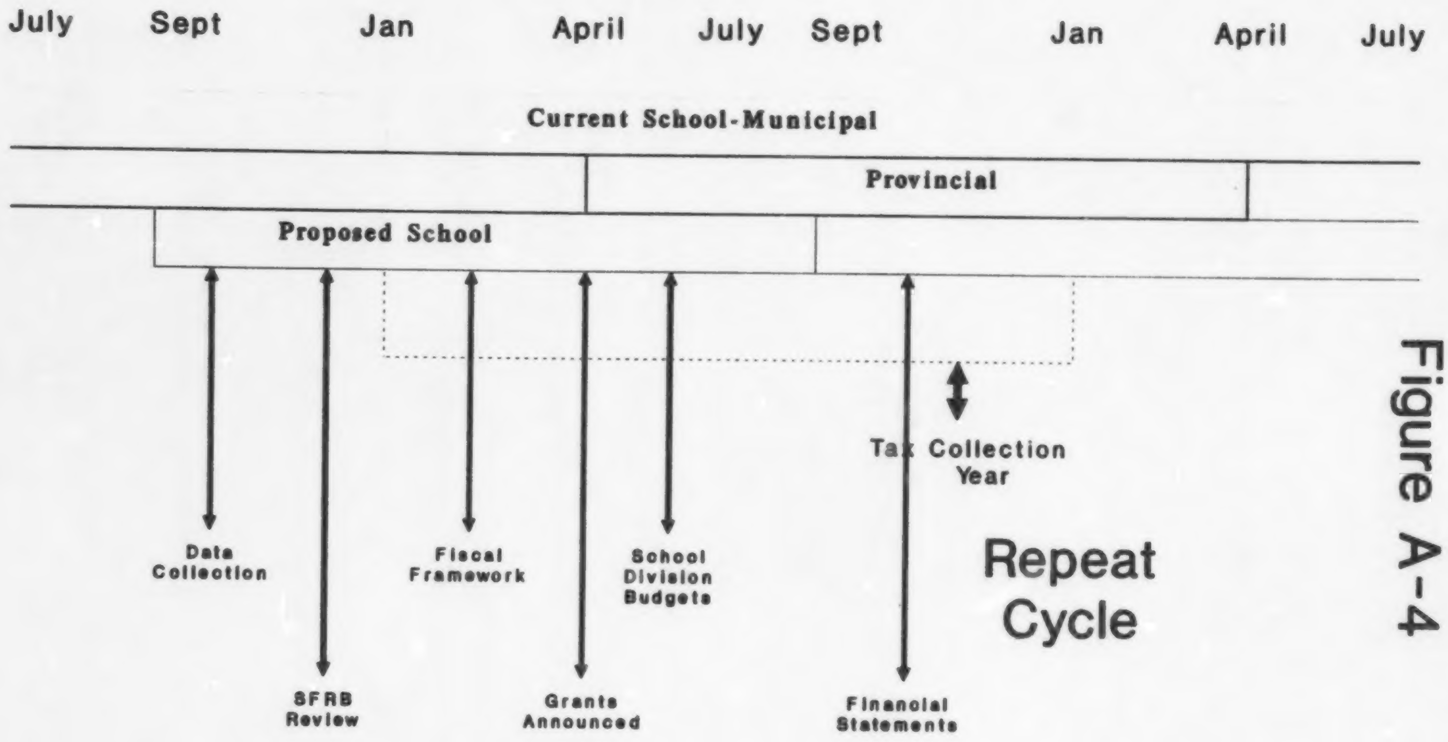

July
Sept
Jan
April
July
Sept
Jan
April
July
Current School-Municipal
Provincial
Proposed School
Data Collection
SFRB Review
Fiscal Framework
Grants Announced
School Division Budgets
Financial Statements
Tax Collection Year
Repeat Cycle

Figure A-4

The consultants reviewed an analysis of the changing of the fiscal year in Alberta conducted by a Calgary Board of Education official (Wills, 1990). Several benefits resulted from the change. The following were identified specifically:

- **Consistency between the fiscal and operational year**
- **Workload associated with budget process and year end financial statement process was spread out**
- **Year end cut off procedures occurred at the slowest time of the year**
- **Accounts payable and receivable are at their lowest levels of the year**
- **Reduction in audit fees due to audits being conducted in off-peak periods**
- **Budgets become a basis for planning, rather than reporting expenditures already incurred.**
- **Budgets become more responsible to program needs as planning occurs for a full school year basis.**

Cash Flow. **A change in the fiscal year could have a significant impact on cash flow for school divisions.** Therefore, several issues require consideration.

First, the payment of provincial grants to boards of education should be done on a monthly basis. The current practice of not making grant payments to boards for three months is an irritant that should be addressed if the change in fiscal years is adopted. Based on current grant allocations, Saskatchewan Education will require an additional $108 million in the government fiscal year in which the change is made. This is a one-time requirement for the transitionary period which would be eliminated in the next fiscal year. This change is not fundamental to the change in the fiscal year but it would assist with cash flow.

Second, the consultants assume that municipal governments will continue to operate on the calendar year. It is also assumed that the tax notices should include both the municipal and educational levies, as is now the case. Currently, most urban centers collect the bulk of the property taxes by the end of June, with large amounts being paid on June 30 each year. Unless the tax collections are properly structured, most school divisions would be in a negative cash flow position for the full fiscal year. **To avoid this eventuality, it is proposed that the tax year continue to be the calendar year. In effect, this would mean that the annual tax levy would be comprised of two components: the tax levy required to finance the last eight months of the current fiscal year and the tax levy required to finance the first four months of the next fiscal year. This approach could provide considerable flexibility in financial planning at the school division level and improve the cash flow for many school divisions, thereby reducing carrying charges.**

Assessment Base. **The consultants see no need to change procedures governing the establishment of the taxable assessments.** The tax collection year would remain as is and, from the perspective of tax levies, current practice could continue.

However, in determining the fiscal capacity of school divisions for the purpose of distributing grants for a fiscal year, it will be necessary to take into account the taxable assessments in both calendar years within the fiscal year and prorate the assessments accordingly.

Enrolments. **Under the resource cost model, it will be necessary to establish**

enrolments for the upcoming school year well in advance of the fiscal year itself. On a macro basis, this should cause no particular concern because enrolment trends can be predicted with some accuracy. However, for individual school divisions, some fluctuations can be expected. Therefore, it should be anticipated that final grant adjustments will be required once the September 30 enrolments are known. This process should be clearly established in order that boards of education can plan their staffing accordingly. If larger units of administration are established, boards of education would have greater flexibility to deal with these issues.

This issue was the major pitfall identified in the Alberta change.

Provincial Teacher Collective Agreement. Consideration might be given to negotiating the provincial agreement governing teacher salaries on a school year basis as well. Such a change would simplify salary and benefits administration.

Conclusions. The proposed change of the school division fiscal year to the school year offers significant advantages from a management perspective, notwithstanding the issues that should be addressed in the implementation of this proposal. The consultants believe this change in the fiscal year would be well received by boards of education and their administrators.

Tuition Fees

Under *The Education Act*, boards of education are entitled to recover the costs of providing educational services from those who are not included under Section 144 of *The Education Act* (Education Act, S.172). Section 144(1) states: ". . . every person between the ages of six and 21 years shall have the right to attend school in the division in which **he or his parents or guardian are residents** . . . and under Section 144(2) those services are to be provided at **"the cost of the division, and no fees for tuition, transportation or any other expenses with respect to attendance at school are to be charged with respect to a pupil who is a resident in the school division or whose parent or guardian is a resident of the school division."**

The expenditures to be included in the calculation of the tuition fees are detailed in Part V, Regulation 20 under *The Education Act*.

The Act also provides for the determination of tuition fees to be charged to students who are the responsibility of the Federal government and foreign students.

Current Practice. Practices vary considerably throughout the province. Some boards of education do not charge tuition fees for non-resident pupils who enrol in their schools. Others attempt to recover full costs and still others levy on a net fee basis, which is the difference between the gross cost of delivering the service and the recognized cost under the grants program.

Saskatchewan Education collects information on non-residents and adjusts the recognized expenditures and recognized revenues based on the number of non-resident pupils reported for each school division. The adjustments are made on the basis of the recognized costs in the grants program and, in theory, have no impact on the amount of grants distributed throughout the province.

Many boards of education enter into agreements with other boards to purchase services for pupils who fall within their scope of responsibility. For example, boards pay tuition fees on behalf of pupils attending some comprehensive schools, pupils enrolled in programs not available in the sending jurisdiction, or pupils for whom it is deemed appropriate to purchase regular services in a neighboring jurisdiction.

In addition, individuals may purchase services directly from school divisions in which they or their parents or guardians are not resident. In such cases, the fees are levied at 50 percent of the actual cost of providing services.

Several boards of education have entered into agreements with Federal agencies to provide services to pupils who fall under the jurisdiction of the Federal government. Primarily, these pupils reside on Indian reserves or on Department of National Defense bases. In these cases, the fees are calculated to include debt retirement costs in the school division. Prior to 1990, these agreements were very lucrative for some school divisions because the debt retirement portion of the fees was brought into general revenues even though debt retirement costs were fully covered by the capital funding programs. In 1990, Saskatchewan Education adopted a policy to remove this benefit and to have the debt retirement portion credited to the capital reserve accounts to reduce the provincial cost in future capital projects undertaken by the school division.

Observations. The fundamental premise underlying the current regulations is that boards of education providing services to non-resident pupils should be entitled to recover full costs of providing the service. The burden of that cost should not fall on the taxpayers of the receiving school division. Further, boards of education should not be able to devolve themselves of the responsibility of providing services to a child residing in the school division by simply arranging to have the child educated elsewhere.

The current arrangements have many shortcomings. First, the identification of non-resident pupils is very difficult to administer under current definitions. Many pupils establish residence in a community simply to pursue their education even though the community is not in the school division in which their parents reside or pay their taxes. There is reason to believe that widespread abuse of the system exists.

Second, the provisions under Regulation 20 can no longer be utilized to calculate tuition fees because some of the costs incurred in providing services to non-resident pupils are already covered under the Special Needs Funding Program. Since non-residents are included in the pupil count under SNFP, some provincial funding accrues to the school division under this program. Consequently, the gross service costs should be reduced accordingly. However, since it is impossible to identify those costs, double counting occurs. This is particularly noticeable when two school divisions exchange large numbers of pupils.

Third, boards of education do not always charge tuition fees. The pupils are simply added to the pupil count for the purpose of establishing recognized costs and not reported as non-residents. Hence, Saskatchewan Education does not have accurate data on non-resident pupils.

Fourth, the practice of charging gross tuition fees tends to distort the total cost of providing services to pupils. To illustrate, in Saskatoon, over 3,000 pupils attend the school division in which they are non-resident. When fees were collected on a gross fee basis, budgetary provision was made twice for each pupil, once to provide the service and once to pay the tuition fees. Based on $4,000 per pupil, the budgets were $12 million higher than if the pupils had received services in their own school divisions. This represents a distortion in the cost of providing educational services in the province.

Fifth, the basis of determining whether or not tuition fees are collected is the residence of the child, parent or guardian. Many families reside in one school division but have their children enrolled in another school division in which they own property and pay education taxes. These parents do not understand why they should have to pay tuition fees to a school division to which they pay taxes which are often greater than the taxes on their residence.

Conclusions. The current legislation and regulations governing tuition fees are inconsistent with the funding programs and require modification. Therefore, it is recommended:

> **A-19 - That Saskatchewan Education and SFRB review the current provisions governing tuition fees and consider the following options:**
>
> **. Elimination of tuition fees, thereby allowing freedom of movement among school divisions for pupils**
>
> **. Retention of tuition fees with provision for clearer definition of resident and non-resident pupils to eliminate the current abuses in the system**
>
> **. Retention of tuition fees with special provision for families owning property in the school division in which their children attend school**
>
> **. Elimination of regulations governing the levying of tuition fees except for foreign students and pupils who are the responsibility of the Federal government and providing legislative authority for boards of education to enter into fee for service arrangements with other boards of education.**

TAXATION

Introduction

The consultants were asked to examine the revenue sources for the support of K-12 education. In particular, the consultants were asked to comment on the extent to which education should be financed through property taxes rather than other tax bases.

Taxes Per Capita

As part of the study, the consultants examined provincial tax revenues in the 1989 calendar year to provide information about tax regimes in all provinces in support of public services at the local and provincial levels. The data are a one-year snapshot and should be viewed within that context; however, the data provide useful information about relative reliance on various tax bases to provide public services.

The data depicted graphically show that all provinces rely on income taxes extensively to support public services. Nationally, revenues from income taxes, including personal and corporate taxes, account for just over 50 percent of total provincial tax revenues. Consumption and property taxes accounted for close to 30 percent and 20 percent, respectively. Consumption taxes include general sales taxes, motive fuel taxes and alcoholic beverage and tobacco taxes.

The patterns differed significantly from province to province. Generally, the Maritime provinces relied more heavily on consumption taxes to raise revenues. Property tax revenues accounted for very little of the tax revenues, reflecting the nature of their economies and their traditions.

On the other hand, the western provinces and Ontario relied on property taxes to a much greater degree, but less on consumption taxes. Alberta, in particular, collected very little from consumption taxes.

In 1989, Saskatchewan relied most heavily on income tax revenues accounting for about 40 percent of total tax revenues. Property and consumption taxes accounted for about 30 percent each of total tax revenues. It is noted that, in 1989, reliance on property taxes as a percentage of total provincial and local taxes was highest in Alberta and Saskatchewan at about 30 percent.

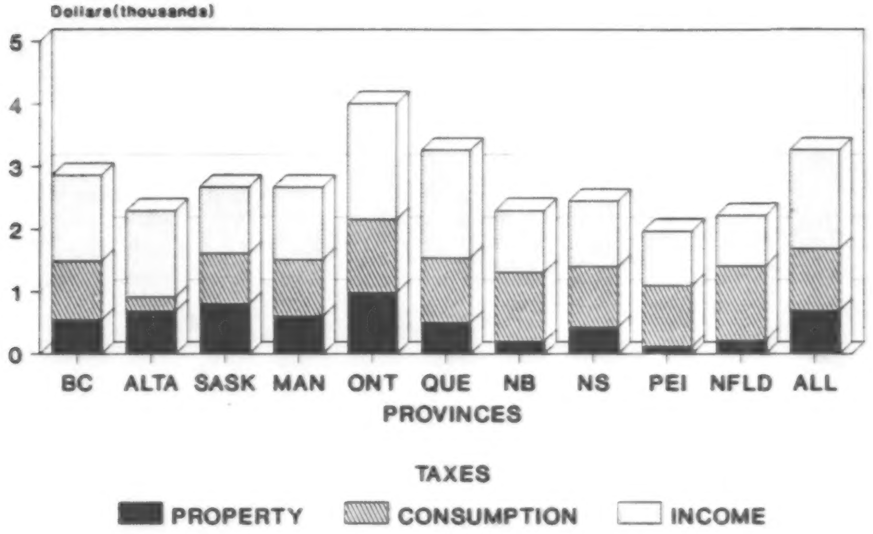
These data are presented to show that different tax structures and requirements exist in the provinces.

Tax Rates. A detailed comparative analysis of tax rates among the provinces is beyond the scope of this study. The data in Appendix B-1 show the rates applied in each province as of June 1, 1991.

The basic provincial income tax, expressed as a percent of the Federal basic tax, ranges from 46.5 percent in Alberta to 62.0 percent in Newfoundland. Saskatchewan's basic rate is 50 percent. Several provinces have other income taxes, such as a flat tax, payroll tax or personal income surtax to generate additional revenues. For example, Saskatchewan has a two percent flat tax on net income and a 15% surtax on tax over $4,000.

Figure B-1

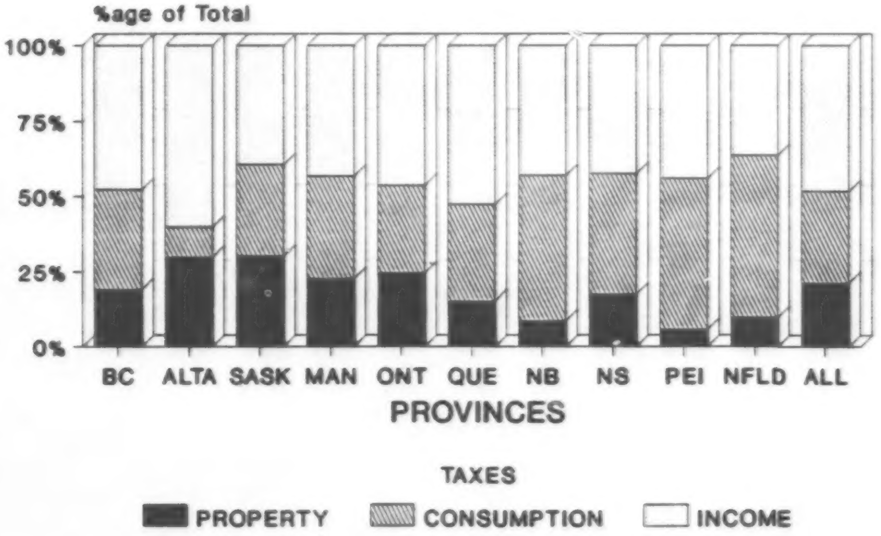
Taxes Per Capita - 1989



SASKATCHEWAN FINANCE

Figure B-2

Taxes Per Capita - 1989



SASKATCHEWAN FINANCE

Retail sales taxes vary considerably as well, ranging from no retail sales tax in Alberta to twelve percent in Newfoundland. Saskatchewan's rate is at seven percent.

No data were collected on property tax rates because the assessment bases vary so widely as to render a comparative rate analysis meaningless.

The data on tax rates suggest that, on income taxes, Saskatchewan's rates are very close to those levied in most other provinces when all income tax revenues are taken into account. Saskatchewan's retail sales tax rate, at seven percent, is the highest of the western provinces, along with Manitoba's, at seven percent. Retail sales taxes east of Manitoba range from eight to 12 percent.

Finally, British Columbia and Alberta both collect annual premiums for Hospital Insurance and medical services. For a family, the annual premiums are $840 and $624 for British columbia and Alberta, respectively. Single rates are half of the family rates.

Taxation For K-12 Education

In the January, 1990 Progress Report, the consultants examined several concepts relating to property taxation, including principles of equity, taxation for education, the relationship of local autonomy to property taxation and the characteristics of the property tax. That discussion, not repeated in this report, is important to the understanding of taxation for K-12 education.

In the Progress Report, the consultants reviewed briefly the proposals of the Saskatchewan Assessment Management Agency and provided some commentary on those proposals. In this report, the consultants provide some analysis of the effect of the reassessment on the distribution of provincial funding to boards of education.

In this report, the consultants examine the tax implications of the 60-40 proposal put forward by the Saskatchewan School Trustees Association from a taxation perspective. The analysis deals with the financial impact as well as impact on equalization, accountability, and inter-governmental relationships.

Arguments Relating to the Use of the Property Tax For Educational Services

In the Progress Report, the consultants discussed some of the arguments relating to the use of property taxation for K-12 education. That report dealt with such issues as the relationship of local autonomy to property taxation, the basis for property assessment, and the Benefits Received principle.

The consultants adopted the Dibski definition of local autonomy which provides that school boards exercise local autonomy by exercising local control in decision making in some mandated areas of responsibility and retaining the right to establish spending levels at the school division level. They concluded that the right to tax property was required to maintain local autonomy but that it may be necessary to identify more clearly the respective roles of the provincial and local governments in education (Langlois and Scharf, 1990, p.82). This concept of defining respective roles and, more specifically, service levels to be financed is discussed in the chapter dealing with distribution of funds.

In an extensive article on local government in Canada, Paul Hobson argued that **"local governments are properly viewed as consorts of the provincial governments, and provincial governments should decentralize their powers and responsibilities to the level of local government only to the extent necessary to ensure the responsibilities are carried out effectively; the balance between provincial and local responsibilities implied by this requirement will change over time and vary from place to place in accordance with the individual circumstances of each province(Hobson, in Canadian Tax Papers no. 91, Volume 2, p.215)."**

In arguing for reform of provincial-local transfer payments, Hobson stated:

> In their role as creatures of the provinces, local governments have varying degrees of autonomy. The advantages of that autonomy might best be exploited through unconditional transfers, which would leave the allocation decision to local governments. **In many cases, however, the role of local government is more one of decentralized administration of the provincial area of jurisdiction, than it is one of autonomous decision making. And to the extent that local governments are consorts rather than semi-autonomous creatures of the provinces, it is less clear that the existing preference for specific-purpose transfers over general matters is misplaced. After all, local budgets for education, health, social welfare, recreation, and the like are inexorably tied to the entire provincial budgetary process and are subject to the same constraints(Hobson, p.238).** (Emphasis added)

Hobson argued that it is particularly difficult to separate local and provincial responsibilities in providing education services and advocates that "education finance should be from general provincial revenues, particularly from a progressive revenue source such as the income tax (Hobson, p.238)." He added:

> This approach need not imply any less local involvement in determining curriculum and standards than is presently the case; indeed there could be room for allowing local governments to piggyback on provincial income tax structures in order to finance "supplemental" education programs. Alternatively, such programs could be funded through some form of user-charge system geared to income (Hobson, p. 239).

As an aside, Hobson also argued that property-related services such as those usually provided by municipalities should be financed through the use of user fees and that, in the interests of equity and economic efficiency, property taxes should be levied by the provincial and federal governments.

Finally, Hobson argued that "there is little justification for financing the local share of education costs through the property tax base **apart from the fact that it is the only independent revenue source available to local governments in Canada(Hobson, p. 237)."**

The consultants have quoted extensively from the Hobson article because Hobson eloquently puts forward the case for the removal of education from the property tax base from an economic efficiency and provincial responsibility perspective. Hobson does not, however, deal satisfactorily, in our view, with the responsibilities assigned to local governments from the perspective of local government and appears to have a simplistic understanding of the decision making responsibilities of provincial and local governments in providing educational services. As well, Hobson does not deal with the issues of levels of income taxes required to replace property taxes or the inherent problems associated with user fees for basic services on a large scale.

Nonetheless, the basic idea that local budgets are inexorably tied to provincial budgets and subject to the same constraints is, in our view, entirely correct. This concept does not lead necessarily to the elimination of local funding responsibilities, although it is clearly one option, but it does point to the need to specify more clearly the respective responsibilities of both levels of government and to define the nature of the service being provided.

In 1990, boards of education estimated revenues from local taxes and grants-in-lieu of taxes to be $434.4 million. Given that the tax rates on all other major tax bases are generally comparable to those levied in other provinces, it is not realistic to consider financing K-12 education completely from revenue sources other than the property tax. Pragmatically, the issue is whether or not it is a good idea to shift somewhat more of the burden to the provincial tax bases. The consultants have reviewed this from the perspectives of accountability, autonomy, affordability, cost, responsibility, constitutionality and fairness.

Accountability. **The consultants have concluded that the current funding mechanisms do not provide sufficient accountability to the taxpayer.** The reason has little to do with rates of taxation at the local and provincial government levels. Rather, it has to do with the fact that it is not possible to determine with any degree of certainty which level of government finances which educational services.

With respect to financing responsibilities, in certain circumstances, the objective of accountability could be impaired if the provincial levels of funding were inordinately high or low. To illustrate, if provincial funding accounted for 90 percent or more of school board revenues, the level of local taxation would not likely command much interest among local electors. It could be argued that school boards are more likely to be held accountable for their financial decisions if the level of funding is visible and, to a certain degree, painful.

At the same time, the consultants do not support the introduction of referenda on local tax measures. The experiences elsewhere suggest that this approach to accountability offers little support for educational services. Generally, referenda votes are characterized by low voter turnout which brings into question the representational nature of the vote. The most recent example known to the consultants was the 1990 referenda held by British Columbia boards of education in which seven out of nine were defeated and the percentage of voters casting ballots ranged from less than 15 percent to about 30 percent. **The introduction of referenda on educational tax measures in a milieu in which as many as 70 percent of eligible voters have no direct interest in the service could seriously impair the quality of services provided.**

Autonomy. In its submission to the consultants, the SSTA noted that decreased provincial funding, as a percentage of total revenues, has reduced the flexibility school boards have in their decision making. The argument, as understood by the consultants, was that the only means whereby boards could raise additional funding was through property tax increases and that, in this economic milieu, tax increases were not possible.

If the provincial contributions to school division revenues were greater, then school boards would be more limited in their ability to exercise discretion. Currently, school boards which are less dependent on provincial funding than others find it easier to adjust when provincial funding does not meet expectations. In a real sense, the autonomy of boards of education would be enhanced if boards were self-sufficient in their financing. Further, it is likely that provincial authorities will expect greater involvement in local decision making if provincial funding is increased substantially.

Affordability. As noted below, the current economic conditions are such that tax rates are close to their historical highs at both the provincial and local levels. During the 1970s, it was possible to shift the burden of financing local services to the provincial treasury because the burden on consumption and income taxes was relatively low. **As a percentage of GDPP, revenues from the income and consumption tax bases have increased more rapidly in the last two decades than from the property tax base. With the large provincial and federal debt positions, it may not be possible to shift more of the burden to the income and consumption tax bases until there is considerable improvement in the economy.**

In a recent article on Saskatchewan public finances, O. Yul Kwon stated: "It may be difficult for the province to raise more revenue from the three main taxes [personal income, corporate income and sales], since further increases in the rates of these taxes might have serious effects on the provincial economy in the long run (Kwon, in Canadian Tax Papers, No. 91, Vol. 1, p. 212)."

Cost. In its 1986 report, the Local Government Finance Commission noted:

> Because of the deductibility of [some] property taxes in the calculation of taxable income under the federal income tax system, a reduction in property taxes would have the effect of increasing taxable income. This would result in higher income taxes being paid, most of which would be a loss to the Saskatchewan economy(LGFC final report, 1986, p. 246).

In effect, everything else being equal, a reduction in property taxes would result in higher taxes overall being paid by Saskatchewan residents.

In a related issue, the cost to the taxpayer could increase if boards of education vacated the property tax field in any significant way. For several years, municipal governments have argued that the education demand on property taxes, among other factors, has caused then to abandon or delay needed municipal projects. If more tax room were created at the local level, it is not unrealistic to expect increased municipal taxation. The cost to the taxpayer would increase because of increased provincial taxation for education.

Responsibility. Local governments should receive financial assistance consistent with the level of responsibilities assigned to them. For example, if school boards are expected to implement a new curriculum with significant additional cost, the financing should accompany the decision. At the very least, the financial implications of the decisions should be known and, in a shared funding system, the respective financial responsibilities should be clearly identified. Increased or total provincial funding would simplify the decision making in this regard but only if the level of services to be provided were reasonably well defined.

__Constitutionality__. In consideration of this issue, the Local Government Finance Commission concluded:

> **Accordingly, it seems reasonably clear that the provincial legislature does not have the authority to remove the right of access to the property tax base for separate school divisions. Public school boards do not enjoy the same protection as there is no constitutional impediment for the provincial legislature to disallow access by those boards to the property tax base. However, it would be inappropriate and discriminatory to abolish the right for one type of school board, while retaining it for the other (LGFC, 1985, p.21).**

The consultants have little to add to this observation except to note that the results of recent litigation in Alberta will make it difficult to maintain accurate property tax rolls based on religious faith. In addition, notwithstanding constitutional provisions governing separate schools similar to the Saskatchewan legislation, Alberta has instituted a provincial property tax on non-residential properties.

__Fairness__. **Several economists argue that the fairest way to finance educational services is through a progressive income tax base which is the best measure of ability to pay. Some would argue that it is possible to finance provincially and preserve effective local decision making. The consultants believe that, in such a circumstance, the local decision making would be almost exclusively administrative in nature and would not necessarily address diverse needs of communities or encourage initiative in schools.**

The criterion of fairness may be the most compelling argument to reduce property taxation for education particularly if the property tax base is not structured in an equitable manner and the regressive nature of the property tax is not addressed through some form of income-related rebate program. **The consultants believe the absence of a rebate program is a deficiency that should be addressed.**

After reviewing the arguments and the nature of educational decision making in Saskatchewan, the consultants have concluded that property taxes should continue to be a major source of revenues for boards of education. The consultants do not accept the proposition that it is possible to have effective and dynamic local government in education without a major revenue source at the local level. In addition, given the tax rates on other major tax bases, the options of reducing the education demand on property taxes by increasing other tax rates appear to be limited at this time. However, the consultants will advance a proposal to reduce the education portion of the property tax through a redistribution of transfer payments from the provincial government to local governments.

Therefore, it is recommended:

B-1 - That boards of education continue to have access to the property tax base to finance K-12 services.

B-2 - That the provincial government introduce an income related refundable property tax credit program for the purpose of improving the fairness of the property tax.

Tax Incidence

As part of the requirements of this study, the consultants were asked to review the issue of tax incidence as it applies to property taxation. **For the purposes of this study, tax incidence is defined as "the allocation of tax load among different categories of property (LGFC Final Report, 1986, p. 270)."** In the final analysis, consideration of tax incidence issues deals with the question: Who pays the tax in the final instance? The person from whom the tax is collected is not always the person who actually pays the tax. It is possible, under certain circumstances, to shift the tax burden from the owner to others; the most common of those circumstances being the rental of a property.

The analysis in this study is limited to the impact of the assessment, variable mill rates, and income tax regimes on the incidence of the property tax. Other reports such as the 1951 Local Government Continuing Committee report deal with the concept of tax incidence in a more theoretical manner.

Tax incidence in a property tax system, at least as it applies to the owner of the property, is governed by two elements, the assessed value of the property and the tax rate applied to the value.

Assessed Values. Under the Saskatchewan Assessment Management Agency (SAMA) proposals, a percentage of value has been applied to the 1987 values of the properties according to property classifications. Commercial, pipeline, railway, and resource properties have been valued at 100% of value for tax purposes; residential properties have been valued at 90%; and agricultural properties have been valued at 50%. These factors have been applied on the basis of a judgment made by the SAMA board of directors that, unadjusted, property taxes paid on certain types of property classifications would be too large. The impact of the decisions is demonstrated in Table B-1. The data show the percentages of total provincial assessment by property class.

Table B-1

Percentages of Total Provincial Assessment by Property Class - A Comparison on 1965 Net, 1987 Gross, and 1987 Net with Commercial Mill Rate Factor

Property Type	1965 Net	1987 Gross	1987 Net with CMRF
Residential	42.16	39.00	44.46
Commercial	26.28	15.40	21.47
Railway	0.34	0.30	0.43
Pipeline	2.10	2.60	3.59
Resource	6.09	4.00	5.62
Agriculture	23.03	38.70	24.43
	100.00	100.00	100.00

Source: Saskatchewan Assessment Management Agency

The data show that, with the application of the factors to the 1987 gross assessed values, the residential component of the total assessment increases from 39 percent to 44.46

percent, and the commercial component increases from 15.4 percent to 21.47 percent. On the other hand, the agricultural component declines from 38.70 percent to 24.43 percent. To interpret the data in a different manner, if all school divisions levied the same tax rate, the revenues from the agricultural portion of the assessment would be 38.7 percent of the total using the unadjusted assessments and 24.43 percent with the adjusted assessments. **SAMA has indicated that its long term goal is to have all properties assessed at 100 percent of value but legislative restrictions do not permit the application of this option at this time. As a result, notwithstanding the growth in urban centres, it is not unreasonable to conclude that the tax incidence on agricultural lands will increase if current market values hold.**

The assessment data can also be examined on the basis of school division categories, as shown in Table B-2. Those data show the derived assessments by school division category expressed as a percentage of the total assessment.

Table B-2

Percentages of Total Derived Assessment By School Division Category for the 1986, 1989 and 1991 Fiscal Years and the Estimated 1987 Net with CMRF

Division	1986	1989	1991*	1987*With CMRF
Rurals	47.7	47.2	47.2	49.7
Villages	0.8	0.8	0.7	0.9
Towns	1.5	1.5	1.5	1.2
Cities	49.2	49.3	49.6	47.0
Northern	0.7	1.2	1.0	1.2
	99.9	100.0	100.0	100.0

*Estimates

Source: Saskatchewan Education

Based on these data, the faster growth in assessment in city school divisions relative to the rest of the province in recent years is evident. However, the reassessment indicates that, relative to value, the assessments in rural school divisions are currently understated. Consequently, with the introduction of the revised assessments in 1993, an assessment shift to the rural divisions away from the urban divisions will likely occur.

Property Tax Rates. The second component of the property tax regime is the tax rate applied to the assessed value. Under the SAMA proposals, local governments would continue to have the authority to decide the tax rate but, for all non-residential and non-agricultural properties, a commercial mill rate factor (CMRF) would be applied to replace the existing business tax. For all municipalities whose boundaries are not coterminous with school divisions, the CMRF would be 1.1 times the mill rate. For the eight cities with boundaries coterminous to the school divisions, the CMRF would be established by the municipality likely for both the municipal and school portions of the tax. Consequently, the tax incidence on these properties could vary not only on the basis of the property tax rates set by the local governments but also with the CMRF. The tax load on commercial, pipeline, railway and resource properties could vary considerably from jurisdiction to jurisdiction.

Income Tax Considerations. **The third component that affects the tax load on property owners is the income tax regime. Property taxes are deemed to be part of the cost of doing business and, as such, are deductible from income in the calculation of income taxes for business and farming operations.** As a result, the incidence of these taxes is shifted in part to other income taxpayers. However, property taxes paid by homeowners are not tax deductible and, consequently, the incidence of the tax fall fully on the homeowner. The homeowner could shift some or all of the tax to others by renting all or part of the property. However, failing that, the property tax must be paid fully through earned income.

Combined Effect. The combined effect of percentage of value assessments, Commercial Mill Rate Factor, and income tax deductibility is shown in the table on tax incidence. The data show the tax impact on each of an agricultural, residential and commercial property with a market value of $100,000. The percentages of value applied are those proposed by SAMA; the income tax rates were those applied in 1990. The basic mill rate levied is 20 mills, before CMRF.

The agricultural property with a market value of $100,000 has an assessed value of $50,000. Thus, the property tax is $1,000. Because of income tax deductibility, the effective tax cost is $570-$780, depending on the level of deductibility.

The commercial property with a market value of $100,000 has an assessed value of $100,000. The CMRF applies to this property and, assuming a 1.1 factor, the resultant mill rate is 22 mills. Thus, the tax is $2,200. Again, due to deductibility, the effective tax cost is reduced to $1254-$1716, depending on the level of deductibility.

The residential property, owner occupied, with a market value of $100,000 has an assessed value of $90,000. Thus, the property tax is $1,800 and the effective tax cost is $1,800.

These data show how tax regimes can alter the effective cost of a tax. Had the 20 mill rate been levied on the market value of the property, i.e. $100,000, and not been deductible, the effective tax cost would have been $2,000. However, because of the various adjustments, the tax incidence could range from $570 to $1,800.

The data are presented for information. It is not the intent of the consultants to pass judgment on the equity of these provisions. The illustration shows the cumulative effect of decisions taken by different agencies.

Finally, tax incidence should not be confused with the size of the tax bill paid by an individual, as is sometimes the case. For example, the number of farmers in Saskatchewan has declined by as much as 75 percent. Land holdings and the resultant property taxes paid by individuals have increased accordingly.

Conclusion. This section on tax incidence was designed to show the impact of decisions taken by different governmental agencies on the level of taxation incurred by property owners. The reassessment of property inevitably causes significant shifts in tax incidence as the assessed value of properties deemed to be undervalued is increased and the assessed value of properties deemed to be overvalued is decreased relative to each other. Because property assessment is used as the primary measure of a school division's fiscal capacity, the distribution of funds under the equalization grants programs can be affected in a significant way.

Figure B-3

Tax Incidence Illustration

	Agricultural	Residential	Commercial
Market Value	$100,000	$100,000	$100,000
Assessed Value	50,000	90,000	100,000
Taxes @20 mills	1,000	1,800	2,200
Effective Tax Cost(1)			
Commercial			1254-1716
Individual		1,800	
Agricultural	570-780		
Gross Earnings Required To Pay Tax (2)		3,000	

Notes: (1) Property taxes on agricultural and commercial properties are income tax deductible, depending on tax situations with taxes ranging from 22% - 43%. Property taxes on residential properties are not income tax deductible
(2) Gross earnings required assuming a personal tax rate of 40% for the individual. Residential is owner-occupied.
(3) 1990 tax rates

1987 Percentage Values with CMRF

In the past, Saskatchewan Education has adjusted its grants program to mitigate the impact of reassessments in a variety of ways. By so doing, Saskatchewan Education has modified the grants adjustments to school divisions that would have resulted from the full implementation of the reassessment and, inadvertently, may have compromised the improvements sought by the former Assessment Authority. The temptation to adjust the grants is great because even relatively small adjustments in assessment can cause significant grant changes among school divisions. The consultants believe that temptation should be resisted because the function of Saskatchewan Education is to promote equality of educational opportunity and equity in tax effort. **If the assessment authorities such as SAMA have considered the issues carefully and are proposing revised values to improve fairness, their objectives can be compromised in a serious manner if other parties do not use their values as the measure of the fiscal capacity of the local governments. In the consultants' view, Saskatchewan Education should not to adjust the assessment values derived by the agency responsible for the assessment function.**

Therefore, it is recommended:

B-3 - That Saskatchewan Education accept the assessment values provided by the Saskatchewan Assessment Management Agency for the purpose of determining the fiscal capacity of school divisions as required in the distribution formulas.

Impact of SAMA Reassessment Proposals on Grants Distribution

In the Progress Report, the consultants offered some commentary on the Saskatchewan Assessment Management Agency (SAMA) proposals for reassessment to be implemented in 1993. The consultants invited SAMA to comment on those observations in order to ensure that the interpretation of the proposals was accurate. SAMA raised a few issues. First, the Progress Report left the impression that percentages of market value were applied to adjust inaccurate market valuations. In fact, the purpose of the percentages is to control the incidence of the property tax on classes of taxpayers. Second, SAMA argued that the consultants should compare the final proposal, i.e. the 1987 net values with CMRF, to the 1965 level assessments and not to the gross 1987 valuations. The consultants believe that both comparisons are required to show: a) the change from the 1965 levels and b) the impact of the SAMA decisions to apply percentages to the gross market valuations.

Assessment Shifts. To add to the preliminary analysis, the consultants sought and obtained a copy of the revised assessments for each school division in order to determine the impact of the reassessment on the provincial grants distribution. The consultants applied the proposed assessments to the 1991 provincial grant structure and adjusted the equalization factor accordingly. The proposed revised assessment is 4.98 times the current assessment base; consequently, the Equalization Factor becomes 11.847 compared to the current 59.0 in the current grants program. All other components of the grants program were held constant. The calculated grant adjustments result from the impact of the reassessment and no other factors.

The data provided by the SAMA as depicted in Table B-3 show the estimated assessment shifts by municipal groupings, with the Commercial Mill Rate Factor applied. Municipal groupings with an assessment shift of less than 1.0 are deemed to have less fiscal capacity under the proposed assessment regime and, thus, school divisions comprised of those municipalities would receive greater funding under the provincial grants program.

Everything else being equal, the impact of the reassessment would be to increase the taxing capacity of resort and bedroom communities, urban municipalities with populations between 1000 and 6000, and rural municipalities. The reassessment proposal suggests that, currently, the assessed value of land and improvements in those types of communities is understated. As a result of the increased fiscal capacity of these communities, as measured by assessment, the provincial grants based on the equalization principles would decline.

Assessment Shift Impact on School Division Grants. Generally, with these assessment shifts, provincial grants to school divisions with rural municipalities, resort and bedroom communities and communities with populations between 1000 and 6000 would be expected to decline, unless offset by reduced assessments in other types of communities within the school divisions.

Table B-3

Assessment Shifts by Municipality Groupings

Municipality Grouping	Assessment Shift With CMRF
0 - 250 population	0.85
251 - 1000 population	0.88
1001 - 4000 population	1.01
4001 - 6000 population	1.13
Resorts	1.24
Bedroom Communities	1.19
Cities (<30,000 population)	0.93
Cities (>30,000 population)	0.97
Rural Municipalities	
- agricultural lands & typical hamlets	1.06
- hamlets with city influence	1.08
- resort hamlets	1.20
Average for all Urban Municipalities	0.97
Average for all Rural Municipalities	1.06

Source: Saskatchewan Assessment Management Agency

The data in Table B-4 show the change in assessed value, according to the latest data available, and the resultant percentage change in provincial grants. **The consultants caution that the data are not final; however, they undoubtedly provide a good basis for analysis of the SAMA proposals discussed when the 1992 reassessment was announced. With a 1993 implementation date now anticipated, it would not be unrealistic to expect modifications to these data. In any event, further analysis will be required to determine the impact on school divisions.**

Generally, the results of the analysis are consistent with the SAMA assessment shift data. Overall, the taxable assessment increases by 4.98 times. With no other changes, provincial grants would decline generally in rural, village and town school divisions and increase in city and northern school divisions. However, as shown in Table B-5, the impact on individual school divisions can be significant.

Table B-4

A Comparison of the Current and Proposed Taxable Assessments and the Resultant Change in Grants, by School Division Category

School Division Category	Current (Millions)	Proposed (Millions)	Ratio	% Change in Grants
Rurals	$3,125.6	$16,148.6	5.17	-3.62
Villages	54.1	270.8	5.01	-0.33
Towns	58.3	296.7	5.09	-4.21
Cities-Urban	2,675.5	12,917.7	4.83	+5.01
Cities-Rural	510.4	2,401.7	4.71	+2.65
Northern	83.3	378.5	4.54	+1.77
Total	$6,507.2	$32,414.0	4.98	

Source: Saskatchewan Education

Table B-5

The Actual and Percentage Change in Provincial Grants Resulting from Reassessment, by School Division Category

School Division Category	Amount	Mean	Percentage Range
Rurals	-$6,813,965	-3.62	-69.43 - +26.38
Villages	-16,428	-0.33	-92.12 - +12.05
Towns	-187,359	-4.21	-20.2 - +10.70
Cities-Urban	+5,626,712	+5.01	-1.04 - +12.49
Cities-Rural	+958,136	+2.65	-6.89 - +14.73
Northern	+432,904	+1.77	+1.41 - + 3.67

Source: Saskatchewan Education

As the data show, the variance in impact on provincial grants is significant. For example, within the rurals category, the mean percentage change is a modest -3.62 percent; however, the range is from a reduction of 69.43 percent to an increase of 26.38 percent. The variance is the least among the northern boards and largest among village divisions. These findings are important for two reasons. **First, with this variance, there will likely be a reluctance to fully implement the reassessment in the calculation of grants.** The consultants have argued that Saskatchewan Education should not alter the SAMA assessments to determine the distribution of funds because, to do so, would be to perpetuate inequities, particularly in an assessment system that incorporates a moving average concept. As stated earlier, the consultants continue to believe that Saskatchewan Education should not modify the SAMA assessments.

Second, if the school divisions are restructured in accordance with the principles enunciated in this report, the redistributive effect of the assessment proposals will be reduced by virtue of the fact that many school divisions with relatively large increases in assessment would be combined with those with relative declines in assessment.

Consequently, the disruptive effects of the reassessment would be reduced on a school division-wide basis. The tax incidence adjustments which would result from the reassessments would be modified. The consultants note that, in and of itself, this would not be a sufficient reason for restructuring school divisions but the impact is not insignificant. It is also noted that the impact of reassessment on individual properties would not be affected by a restructuring of school divisions but, due to the dampening effect, the change in tax rates would be reduced.

The SSTA'S 60-40 Proposal

The Saskatchewan School Trustees Association has proposed that sixty percent of the cost of K-12 educational services provided by boards of education should be financed by the provincial treasury through school grants. The target implementation date for this proposal is 1992.

Impact on Provincial Tax Bases. School division revenues come from two primary sources: local taxes and provincial transfer payments. Provincial transfer payments are financed by provincial revenue sources which, in 1991-92, are expected to be as depicted in Table B-6.

Table B-6

Projected Provincial Revenue Sources for the 1991-92 Fiscal Year, Province of Saskatchewan

Revenue Sources	Amount (Millions)	Percent
Taxes	$2,188.0	48.1
Non-Renewable Resources	413.9	9.1
Other Sources	682.7	15.0
Payments from Other Governments	1,269.6	27.8
Total Revenue	$4,554.2	100.0

Source: Choices, Saskatchewan Finance, March, 1990

The direct financial impact on the provincial treasury of financing the difference between current grant levels and a 60 percent share is estimated to be $103.1 million, based on 1990 school division budget estimates. The additional provincial contribution required for a 75 percent share is estimated to be $239.4 million. Based on 1990 cost increases and the level of provincial grants, this amount very likely increased in 1991. However, no precise data are currently available on 1991 expenditure estimates.

The provincial revenue sources identified above are not within the full control of the province. Decisions on transfer payments from other governments are beyond the control of the provincial government. Similarly, revenues from non-renewable resources are only partly controlled by the provincial government and are mainly subject to international price fluctuations. Dividend payments from Crown Corporations are the primary Other Revenue source and, consequently, are subject to economic fluctuations. Consequently, if the provincial government is to finance a greater share of K-12 education, two sources of funding are identified: increased taxation or a reordering of priorities.

The data in Table B-7 show the impact on each tax base of increasing the provincial share of school division costs to 60 and 75 percent, respectively. The percentage increases show the impact on each tax base of covering the full cost.

The impact of the proposals on any of the tax bases is significant. To illustrate, a change to 60 percent funding would require an increase of 13.5 percent in the Basic Personal Income Tax rate , or a 22.9 percent increase in the Sales Tax rate, or a 40.5 percent increase in the Flat Income Tax rate. These increases do not include the cost of the revenue loss to the Federal government due to reduced property taxes.

Table B-7
Impact on Major Provincial Tax Bases of Financing an Increased Share of School Division Expenditures

	Current Rate	Value of % Point (Millions)	60% share		75% Share	
			Rate Req'd	%age Change	Rate Req'd	%age Change
Sales Tax	7	$64.5**	8.60	22.9	10.64	52.0
Personal* Income Tax	50	15.3	56.74	13.5	65.35	30.7
Flat Tax	2	127.5	2.81	40.5	3.84	92.0
Corporate Income Tax	15	4.7	36.93	146.2	64.98	333.2
Corporate Capital Tax	3	10.5	12.8	326.7	25.4	746.7

* As a percent of Basic Federal Tax
** 91-92 Estimated Value of Tax Point

Source: Saskatchewan Finance

Impact on Local Taxes. On the other hand, increasing the provincial share to 60 percent would have the impact of reducing local property tax rates for education by just over 16 mills, or about 25 percent. Whether or not some or all of this newly created tax room would be occupied by other local governments is difficult to assess, but given the difficulties experienced by municipal governments, it is likely that municipal rates would increase somewhat.

Consideration of Tax Burden Issues. According to provincial officials, "the provincial government is taxed out (McGregor, 1990, presentation to Symposium)!" In the 1991-92 budget, Finance Minister Hepworth announced: "Therefore, as part of the financial plan, there will be no tax increases for three years (Choices, 1991, p.16)."

The consultants received similar protestations from local government officials during this study. SSTA stated in its brief to the consultants: "The local tax base is becoming over-burdened(SSTA, 1990, p.23)." SUMA stated: "... the property tax has reached its "carrying capacity" and cannot withstand much further pressure(SUMA, 1990, p.6)." SARM representatives have made the point even more vociferously on several occasions.

To shed some light on the issues, the consultants reviewed the rate of growth in revenues from the major tax bases since the late 1960s. The revenues from income, consumption and property taxes were examined on a gross basis and as a percent of Gross Domestic Provincial Product and personal income. Income taxes include revenues from personal and corporate income taxes while consumption taxes include revenues from the provincial sales tax. The data in Table B-8 show the revenues from the tax bases expressed as a percent of Gross Domestic Product for several years since 1968. The data in Table B-9 show the revenues from the tax bases expressed as a percent of Personal Income for several years since 1971.

Table B-8
Property, Income and Consumption Tax Revenues as a Percentage of Gross Domestic Provincial Product

Year	Property	Income	Consumption
1968	4.7	1.6	1.7
1971	4.4	1.7	1.7
1974	2.9	1.7	1.4
1977	3.3	3.3	2.0
1980	2.7	2.5	1.9
1983	3.2	4.5	2.1
1986	3.8	4.1	2.1
1989	3.9	4.3	2.5

Source: Saskatchewan Finance

The data show a dramatic shift in tax revenue sources over the period reviewed. They show much heavier reliance on income taxes since the mid-1970s. Relative to other tax bases, reliance on property taxes declined during the 1970s as the provincial government covered a greater share of both municipal and school division expenditures through increased transfer payments. **Those trends were reversed in the 1980s and property taxes, as a percent of GDPP, are now close to the levels found in the early 1970s. However, it is significant that both the income and consumption tax levels remain high. Both taxes, expressed as a percent of GDPP and personal income, are close to their historical highs.**

Table B-9
Property, Income and Consumption Tax Revenues as a Percentage of Personal Income

Year	Property	Income	Consumption
1971	6.1	2.4	2.4
1974	4.0	2.4	2.1
1977	4.4	4.5	2.8
1980	4.6	3.7	2.9
1983	4.6	5.6	2.6
1986	4.3	4.2	2.5
1989	4.2	4.9	2.9

Source: Saskatchewan Finance

Figure B-4
Saskatchewan Taxes as Percent of GDPP

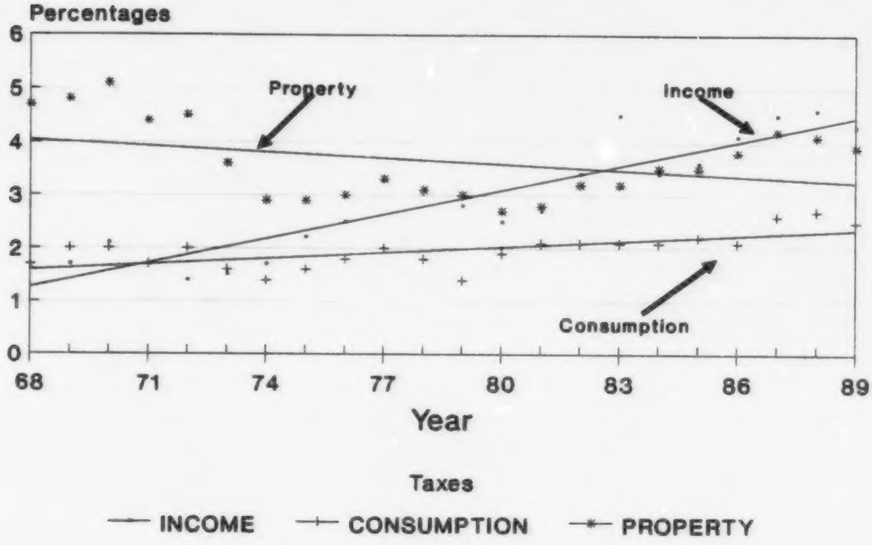


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Figure B-5
Sask Taxes as Percent of Personal Income

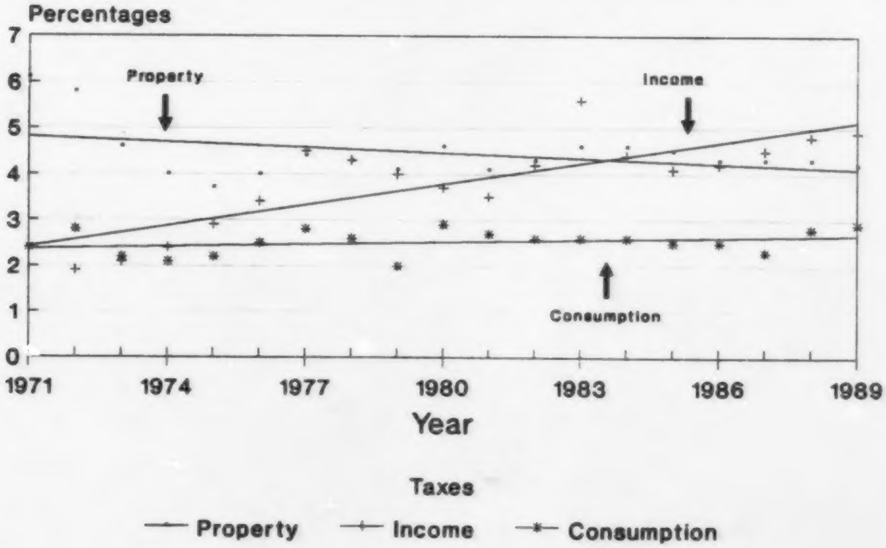

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Table B-10
Revenues from Property, Income and Consumption Taxes
Province of Saskatchewan, Selected Years
(In Millions)

Year	Property (1)	Percent Change	Income	Percent Change	Consumption	Percent Change
1971	$154.7		$ 61.2		$ 51.1	
1974	180.3	16.5	107.2	75.7	76.1	48.9
1977	268.3	48.8	277.1	158.4	147.6	94.0
1980	386.9	44.2	313.4	13.1	246.2	66.8
1983	558.5	44.4	683.2	118.0	340.3	38.2
1986	639.0	14.4	627.9	(8.1)	455.3	33.8
1989	730.5	14.3	847.8	35.0	498.6	9.5
% Change '89/71		372.2		1285.3		875.7

Notes:

(1) Includes all municipal and school levies, net of discounts and rebates
(2) Income includes personal incomes taxes; consumption includes the provincial sales tax

Source: Saskatchewan Education

In 1971, revenues from the property tax were about 38 percent higher than combined revenues from the other two tax bases. In 1989, the combined revenues from the income and consumption tax bases were 84 percent higher than revenues from the property taxes. Revenues from all three tax bases, when expressed as a percentage of GDPP, are close to their historical highs. Little wonder that both provincial and local officials argue that their governments are "taxed out."

From 1971-89, Saskatchewan revenues from property, income and consumption taxes have increased by 372.2 percent, 1,285.3 percent, and 875.7 percent, respectively.

In 1971, revenues from property taxes accounted for 58 percent of the total revenues raised from property, personal income taxes, and provincial sales taxes. In 1989, the comparable percentage was 35 percent. On the other hand, revenues from income taxes increased to 41 percent of the total from 23 percent and revenues from sales taxes increased to 24 percent of the total from 19 percent. This represents a major shift in taxation patterns.

As an aside, these data may well relate to the issue of affordability of government services. The consultants believe that these data reinforce the proposal that the provincial government must define the service levels required to meet the desired educational outcomes. Only then will the province and school boards have any reasonable means of determining if resources are being used effectively on a provincial basis. It will become increasingly important to demonstrate "value for money" if current taxation trends continue.

The implementation of the SSTA 60-40 proposal may be difficult to attain when measured against the criterion of provincial tax base affordability. It is true that the cost of K-12 education has been borne increasingly by property taxpayers in the last decade and in this report the consultants address some of the arguments pertaining to the advisability of such a

Figure B-6
Saskatchewan Tax Revenues

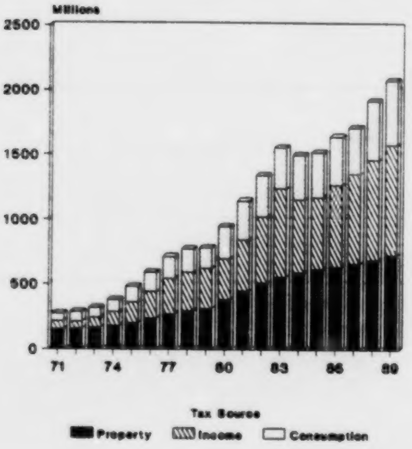

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Figure B-7
Saskatchewan Tax Revenues

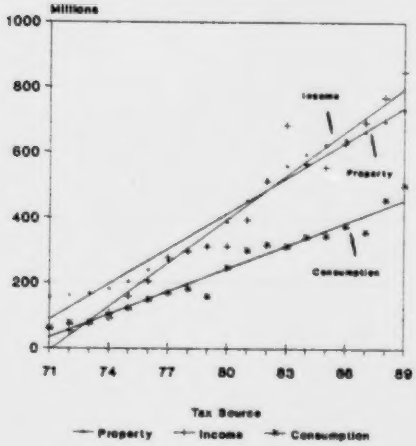

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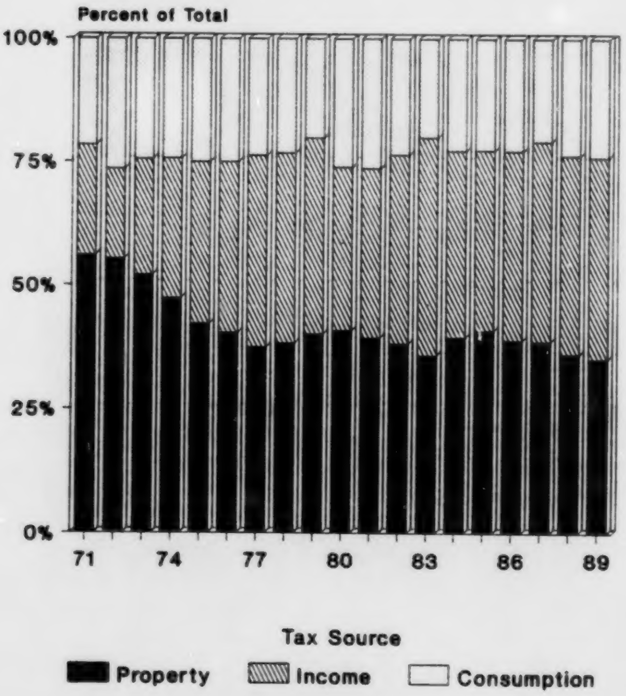
Figure B-8
Saskatchewan Tax Revenues



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trend. **It is important, however, to understand that this trend has evolved while the growth in revenues from other tax bases exceeded the growth in revenues from the property tax base and while senior governments have been incurring very large deficits.** This fact, in itself, does not portend well for a reversal of the existing trends.

A second tax burden issue relates to the requirements of the various local governments on the property tax base. An examination of the actual local tax data since 1971 shows that the percentage increase in tax revenues was the largest for urban municipalities and the least for rural municipalities.

The data in Table B-11 show that, in 1989, revenues from property taxes in urban municipalities were 420.4 percent higher than in 1971, 389.4 percent higher in school divisions, and 278.0 percent higher in rural municipalities. The consultants have no explanations for the differentials in the rates of increases but possible causes, among others, include demands for services, expansion of services, transfer payment adjustments, population changes, and decisions made by local governments.

Of particular interest is the fact that rural municipalities received less than 14 percent of the property tax revenues in 1989, compared with 31.1 percent for urban municipalities and 55.1 percent for school divisions. The data show that the relatively high transfer payments to school divisions during the 1970s reduced the demand on the property tax base.

Table B-11

Actual Property Tax Revenues for Urban Municipal, Rural Municipal, and School Divisions, also Expressed as Percentage of Total Collections, Selected Years (In Millions)

Year	Urban Municipal		Rural Municipal		School Division	
	Act.	%age	Act.	%age	Act.	%age
1971	$43.6	28.4	$26.8	17.4	$83.2	54.1
1974	54.6	30.5	33.4	18.6	91.3	50.9
1977	87.8	32.7	49.5	18.5	131.0	48.8
1980	117.3	32.1	63.0	17.2	185.2	50.7
1983	171.9	30.8	85.7	15.3	300.9	53.9
1986	198.5	31.1	97.5	15.3	342.9	53.7
1989	226.9	31.1	101.3	13.9	402.3	55.1
% Change		420.4		278.0		389.4

Source: Saskatchewan Education

Impact on Intergovernmental Relations. As discussed earlier, a clearer definition of the service levels required is necessary for improved understanding of the financing of K-12 education and greater accountability to the electors. In the consultants view, a more precise definition of the service levels anticipated in the financing of K-12 education must be a precondition of acceptance of any proposal to have the provincial government fund a fixed share of school division expenditures. To do otherwise would be to invite unending debate and tax shifting between the provincial and local levels of government. (Note: The consultants

Figure B-9
Saskatchewan Property Tax Revenues

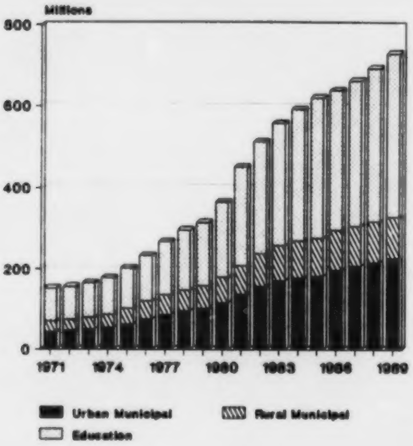

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Figure B-10
Saskatchewan Property Tax Revenues

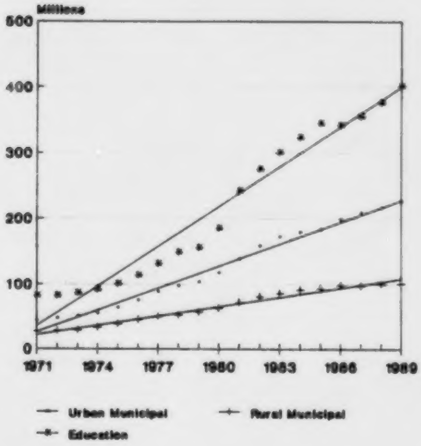

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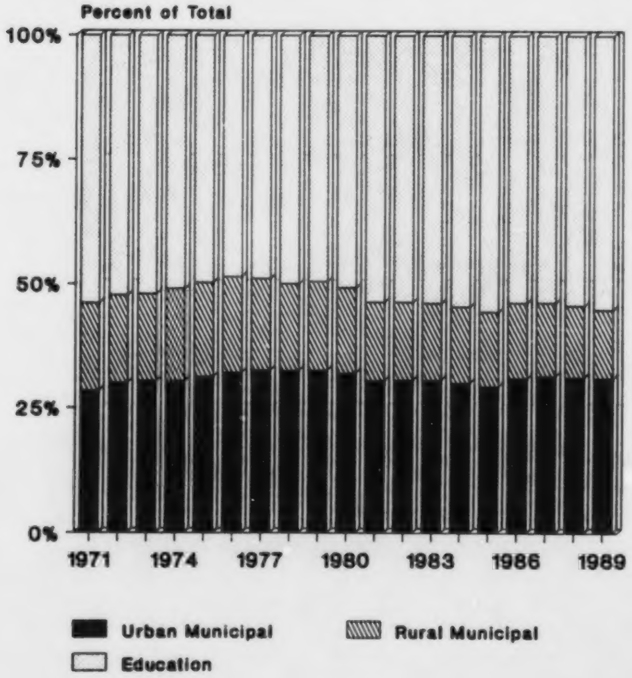
Figure B-11
Saskatchewan Property Tax Revenues



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have argued against the concept of provincial funding for a fixed share of school division expenditures.)

In addition, the shifts in tax burden among the types of local governments relate closely to some of the theoretical arguments discussed above. With the depopulation of rural areas, the demand for services appears to be shifting somewhat between urban and rural local governments.

Summary and Conclusions. The consultants have concluded that the debate on the appropriate share of financial responsibility to be borne by the provincial and local governments for K-12 education has commanded undue attention. The key question to be addressed is: What levels of service are required to attain the stated educational objectives? "Who pays?" is a secondary question that must be examined in the light of a balanced taxation system that finances public services of all kinds. In other words, the focus of the debate must change to promote improved efficiency in the use of resources and greater accountability to the elector.

The consultants also note that increasing the provincial contribution to boards of education to the 60 percent level would have very little impact on equalization of opportunity. The current deficiencies in this regard have more to do with structural problems in the distribution formulas than levels of provincial support to boards of education. It is just as possible to have fair and equalized distribution of provincial funds at a 50-50 percent cost sharing basis as it is at a 60-40 cost sharing basis. Consequently, an increased provincial contribution to boards of education cannot be defended primarily on the basis of equalization of opportunity.

However, an argument can be made that taxation equity would be improved if the provincial share increased. If one accepts the view that a progressive income tax is preferable to property taxation that may be regressive, then taxation equity would be improved through increased financing from an income tax base provided that the levels of income tax were not such that tax avoidance and non-compliance would result. Saskatchewan currently has no program in place to reduce the regressivity of the property taxes; consequently, it is very likely that tax equity would be improved through increased provincial funding.

Finally, the consultants have concluded that there is no "right" level of provincial support for K-12 education. There is no magic number to which everyone should strive. This issue must be addressed by considering not only provincial-local responsibilities in education but also all of the services required by the citizenry and their impact on the taxpayer at given points in time. This issue must also be considered within the context of what is needed to realize the desired outcomes of the education system.

Options For the Financing of the SSTA Proposal

The financing of the SSTA 60-40 proposal could be achieved through three primary sources: an increase in provincial taxes, a restructuring of the tax sources to support K-12 education, or a reordering of provincial spending priorities. The consultants' observations are restricted to the first two options.

Option A. As discussed above, the $105 million required to meet the SSTA objective could be financed through increases in one or more provincial taxes. The impact on each of the tax bases for the full funding of this amount has been noted, based on 1991-92 estimated values of each tax point.

The consultants have noted the concerns expressed to them about level of taxation and suggest that the opportunities to increase taxes on provincial tax bases may be somewhat limited at this time. Significant tax resistance has emerged to the harmonization of the sales tax with the Goods and Services taxes and income tax rates are similar to those levied in other provinces. The concerns about the level of provincial debt and ongoing deficits are also noted.

The increase in rates on the income and sales tax bases is perhaps the simplest way to address the financing of the SSTA proposal. Because of the data on existing tax levels, the consultants have developed a second approach to meet this objective, based on the restructuring of tax sources.

Option B. Option B is based on a restructuring of the tax sources utilized to finance various governmental services.

The review of pertinent literature on property taxation indicates that, from an economic perspective, the financing of municipal services, or property-related services, through the use of property taxes is more easily defended than the financing of educational services. Most would argue that educational services should be financed primarily, if not exclusively, through a progressive income tax. The main argument in favor of retaining property taxation for school purposes is that this tax base is the only source of revenue large enough to permit boards of education to exercise meaningful local autonomy.

Further, in the Progress Report, the consultants noted that taxpayers often link benefits received to taxes paid. With larger farms and aging population, the linkage between educational services and the property tax is not seen as clearly as was the case during the "baby boom" years. As a result, increased taxpayer resistance to financing schools through the use of the property tax may evolve.

Consequently, in the absence of any readily available additional revenue sources at the provincial or local governments, the challenge may shift from finding additional funds to the redistribution of existing funds among governments in a more appropriate manner. For example, an argument could be made that more of the provincial tax base revenues should be assigned to school boards and less to municipal governments. In 1991-92, the provincial government expects to distribute about $108.1 million to municipalities in the form of revenue sharing or capital grants. If those funds were redirected to school boards, the goal of 60 percent provincial funding of educational services could be realized.

The consultants recognize the need for provincial transfer payments to municipalities for the purpose of equalization among the municipalities. Therefore, it is not desirable to eliminate provincial transfer payments to municipalities. However, the source of revenues to fund these transfer payments could change. **Rather than use income and consumption taxes to finance municipal transfer payments, the province could consider instituting a provincial property tax on commercial, pipeline and railway properties and remove the board of education's authority to tax these properties.**

The consultants are aware that constitutional issues pertaining to the right of access to the tax base by separate school boards need to be addressed. It is likely that separate school boards would object to the loss of this tax base on constitutional grounds. As an option, the province could levy a provincial tax and still permit boards to levy the tax locally with

Figure B-12

Approximate Amount of Financial Impact and Revenue Sources Required to Provide 60% Provincial Funding to School Divisions

Estimated Additional Cost to the Provincial Treasury to Fund 60%		$105.0MM
Projected Transfer Payments to Municipalities in 1991-92		
Urban Revenue Sharing	$62.49MM	$108.1MM
Grants for Rural Development	40.46MM	
Northern Revenue Sharing	5.15MM	

Commercial, Railway, and Pipeline Property Tax Revenues

Under a Provincial Property Tax

	Current @ 66 mills	Proposed with CMRF @ 13.253 mills
Commercial	115.45MM	93.54MM
Railway	1.49MM	1.86MM
Pipeline	8.92MM	14.99MM
Total	125.86MM	110.39MM

offsetting reductions in transfer payments for those boards that chose to levy the local tax.

The data show that the estimated additional cost to the provincial treasury of financing 60 percent of school board revenues is about $105 million; the budgeted 1991-92 provincial transfer payments to municipalities on account of revenue sharing and capital grants for rural development are $108.1 million; the projected revenues from a provincial commercial, railway and property taxes based on a mill rate of 13.253 mills on the proposed SAMA assessment are $110.39 million. In the latter case, those revenues represent the revenue loss to school divisions from the loss of the tax base. The revenues from the provincial tax would be used to finance the required municipal transfer payments.

Under this approach, the total funds collected remain virtually unchanged but the structure of the taxation system is modified to more appropriately meet stated objectives. **The most significant change is that, for the first time in the history of this province, the provincial government would be levying property taxes.** The immediate overall impact on the taxpayer would be negligible, in general, but a uniform tax rate on commercial, pipeline, and railway properties would result in some tax shifting among properties because rates on these properties now vary in a significant way.

If this approach were utilized, school divisions with larger commercial and industrial tax bases would incur the greatest revenue loss from local taxation, which would need to be replaced with an increased share of the provincial transfer payments to school divisions.

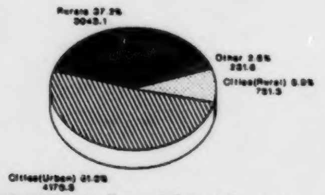
The data in Table B-12 show the shift among school division categories that results from the removal of the commercial, railway, and pipeline properties from the school division tax bases. Without these properties, rural school divisions would have 53.8 percent of the net assessments and the cities would have 43.7 percent of the tax base. When these properties were included, rural and city school divisions have 49.7 and 47.0 percent of the tax base, respectively. **As a result, under this option, a greater share of the provincial grants available would be distributed to city school divisions to offset the revenue loss suffered through the elimination of the commercial tax base. However, as discussed below, the revenue loss would only be partially offset under current funding arrangements.**

Table B-12
Revised Assessments Using 1987 Net Level With CMRF With and Without the Commercial, Pipeline and Railway Assessments, by School Division Category, in Millions

			Revised Assessments			
School Division	Total		Commercial		Net	
Category	Act.	%age	Act.	%age	Act.	%age
Rurals	$16,152.2	49.7	$3,043.1	37.2	$13,109.1	53.8
Cities (Urban)	12,916.7	39.7	4,170.3	51.0	8,746.4	35.9
Cities (Rural)	2,376.8	7.3	731.3	8.9	1,645.5	6.8
Other	1,078.3	3.3	231.6	2.8	846.7	3.5
Total	$32,524.0		$8,176.3		$24,347.7	

Source: Saskatchewan Education

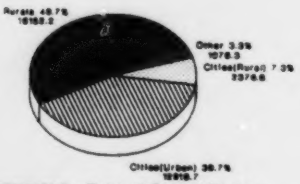
Figure B-13
Revised Commercial Assessments with CMRF



Assessments by Type of School Division

SAMA(1987 base)

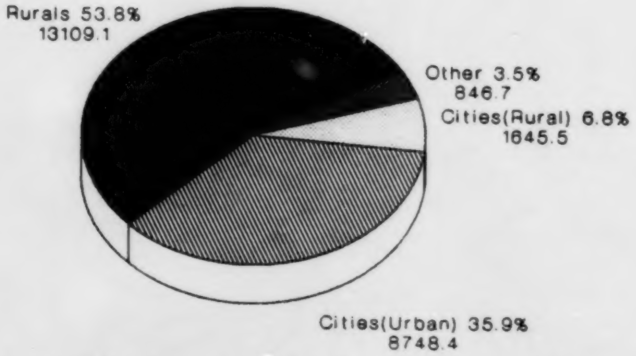
Figure B-14
Revised Total Assessments with CMRF



Assessments by Type of School Division

SAMA(1987 base)

Figure B-15
Revised Net Assessments with CMRF
(Total Minus Commercial Assessments)



Assessments by Type of School Division

SAMA(1987 Base)

Finally, this approach could be defended on the grounds of greater economic efficiency. The linkage between taxes and services provided would be strengthened. Tax collections responsibilities for the provincial property tax remain with the municipal government with very little change in administration. Municipalities would retain the right to tax the commercial, railway and pipeline properties to finance municipal services. School boards, however, would lose about 25 percent of their tax base and some of the ability to exercise discretion in their decisions.

Therefore, if increased provincial contributions to boards of education are deemed desirable and it is not deemed possible to finance the increased contribution to school divisions through additional provincial taxes, it is recommended:

> **B-4 - That consideration be given to restructuring the tax sources for the financing of transfer payments to local governments by creating a provincial property tax on commercial, railway, and pipeline properties to finance municipal services and utilizing revenues from the income and consumption taxes currently financing municipal services to finance educational services; and**
>
> **B-5 - That the board of education access to the commercial, railway, and pipeline property tax bases be removed, or, alternatively, that boards of education retain the right of access to the commercial, railway, or pipeline property tax bases if required constitutionally but that the grants program be structured to provide for offsetting grant reductions where such levies are imposed by the board of education.**

Two variations on Option B are available but, in the view of the consultants, are less defensible than the proposal recommended. First, instead of removing board of education access to the commercial, pipeline, and railway property tax bases, a general reduction of about 15 or 16 mills could be implemented in school board levies. A provincial property tax of a similar magnitude on all properties could be applied for the purpose of providing transfer payments to the municipalities. This approach has several shortcomings, namely, the uncertainty about the levels of board of education tax reductions given other factors that could require variations in the level of reductions; continued levies of property taxes on all properties by boards of education, municipal councils and provincial government; and the likelihood of an ongoing debate about the board of education taxes.

A second variation on Option B is to utilize the revenues from the provincial tax on commercial, pipeline, and railway properties to finance increased provincial transfer payments to school divisions. If this variation were adopted, the major benefits would be to have a uniform levy on these properties for school purposes, thereby increasing economic efficiency; the provincial share of school division revenues would be increased but would still be financed by the property tax base. Therefore, the improved linkage between property taxes and benefits realized would not be attained. The consultants do not believe the benefits of this approach to be as great as those seen under the recommended approach.

The consultants have identified a major issue that must be addressed before any action is undertaken on the recommendations to remove board of education access to the commercial, railway, and pipeline tax bases. That issue pertains to the fact that the current distribution formulas provide only partial equalization.

Currently, the equalization factor in the grants formula is 59.0, even though the average mill rate is slightly above 66 mills. If access to these tax bases were removed, the revenue loss to each board of education would be equal to the amount of the assessment reduction multiplied by the mill rate levied. The revenue loss would be offset, in part by increased equalization grants but only to the level of the equalization factor, i.e. 59 mills. Thus, a board of education with a mill rate of 66 mills would incur a real revenue loss of seven mills times the amount of the reduced assessment. That loss would have to be restored through some other means, likely increased property taxes on residential and agricultural properties.

The importance of this issue cannot be overestimated because the assessments in question are not evenly distributed among school divisions and the variances in mill rates are significant. To illustrate, the commercial assessment in one smaller urban school division accounts for about 30 percent of the total assessment. The current mill rate is 78 mills which means that a net revenue loss of 19 mills on the commercial assessment would be incurred, after the grant increase. An increase of about 12 percent in the tax rate on the remaining tax base would be required to offset that loss.

The consultants emphasize the importance of improving the equalization formulas before any action is taken to remove the board of education access to the commercial tax bases. Otherwise, existing inequities in the distribution formulas will be increased. Therefore, it is recommended:

> **B-6 - That recommendation B-5 be implemented only in conjunction with the changes to the formulas that improve equalization in the distribution of funds to school divisions.**

Conclusion. **After considering the major issues related to the SSTA proposal to increase provincial funding in support of K-12 education with a view to reducing the burden on property taxes, the consultants encourage all parties to consider fully the impact of this proposal on the operations of school divisions.** Unquestionably, a reduction in board of education levies on the property tax base would be seen as beneficial by many taxpayers, municipal government authorities and, likely, school trustees. However, increased provincial funding will tend to promote more decision-making at the provincial level. Operationally, boards of education will have less flexibility in the management of the affairs of school divisions as the level of provincial funding increases and the local tax base is reduced in one way or another. For some, this outcome may be viewed as desirable because greater equality of opportunity for pupils and improved taxation equity may result. However, it is important to understand that, given the state of the economy and other demands for public services, increased provincial funding to boards of education will not likely result in increased funding for K-12 education at least in the short term; it could, under Option A, reduce property taxation.

In the final analysis, the consultants offer the view that improved services to pupils, equality of educational opportunity, and more efficient use of resources will be driven primarily by improved programs for the distribution of funds, a restructuring of school divisions, and better definition of the services required to meet the educational outcomes. Improved taxation equity would be the primary benefit resulting from increased provincial funding to boards of education.

Alternate Revenue Sources

The consultants briefly reviewed alternate sources of revenue to finance school division expenditures. The review was not exhaustive simply because other studies have failed to identify alternate local sources of revenue that could be administered locally in an effective and efficient manner. Nonetheless, comments are offered on three potential sources of revenue for school divisions.

User Fees. **The concept of user fees for governmental services appears to have gained increased prominence in the recent past, likely due to the resistance to increased taxes.** Municipal, provincial and federal organizations are implementing or increasing user fees on a wide variety of services to reduce the burden on tax bases.

School boards have made limited use of user fees in the past. ***The Education Act*** **places limitations on the use of user fees in that each child has the right to "receive instruction appropriate to his age and level of achievement" . . . "at the cost of the school division, and no fees for tuition, transportation, or any other expenses with respect to attendance at school are to be charged . . ." except where provided specifically by the Act(Education Act, S.144).** The types of fees applied by boards of education include co-curricular fees, special fees for Industrial Arts or Home Economics projects, workbook fees, fees for outdoor education activities, etc.

The consultants generally support current practices because they promote equality of educational opportunity and do not make educational services dependent upon the financial position of the child's family. However, boards of education are frequently called upon to provide services to the community which, while desirable, are beyond the mandate of the school division. For example, many school boards provide free access to gymnasia after hours for community recreational programs. Often, such programs fall within the mandate of the municipal government and should be financed by the municipality. Some school boards enter into cost sharing agreements with municipal governments for these types of services to reflect in an appropriate manner the division of responsibilities provided by legislation and this practice should be encouraged.

In a similar way, many school boards provide services at no cost to special interest groups such as sports or cultural groups. Fees could be charged for those services. **The basic judgment that applies is whether the service is of broad community interest and, therefore, to be supported by the tax base or of a narrower interest to be financed by the special interest group.** The consultants recognize that these judgments are often difficult to make.

Finally, the mandate provided to boards of education is not unlimited. In the consultants' view, activities that fall beyond the legislated mandate should be not be financed by the tax bases assigned to school divisions.

Intergovernmental Services. During the consultative process, the consultants received several comments about the expanding role of the school, particularly in relation to health and social services. **One rural Director of Education went so far as to say that, almost invariably, the school is the catalyst to secure services for children in need because the school is the first to identify the problem and makes contact with such agencies as Public Health, Social Services, the police, or other such agencies.** Increasingly, school divisions are employing specialists to assist with these concerns while other agencies appear to have limited funding to provide the services for which they have the mandate.

In the governance and organization section of this report, the consultants note the need to rationalize these services and to acknowledge the school's expanding role. Recognition should be accompanied by funding.

Donations, Foundations, Bequests. Historically, boards of education have been loathe to seek private support for the services they provide. More recently, however, boards of education have registered as charitable organizations and have solicited private funding for special projects. Some examples include business-school partnerships, Hungry Children funds, scholarships or bursaries, and the School of the Future. **The consultants believe the relationship between the school and, in particular, the business community can be strengthened. This is not suggested as a primary source of funding, but can be explored as a supplementary source for specific purposes.**

In addition to the above, the consultants examined the merits of the POLL TAX as a means of raising additional revenues. This tax can be administered easily at the local level and would respond to the criticism sometimes heard that some individuals, such as boarders or apartment dwellers, do not pay their fair share of taxes. The consultants have rejected this form of taxation because it is a highly regressive form of taxation that fails to recognize, in any way, the taxpayers' ability to pay.

Provincial Comparisons of Public School Funding Sources - 1990

The following is a brief summary of provincial approaches to the financing of K-12 education, as applied in 1990.

Newfoundland. The province provides 94 percent of funding. Provincial revenue sources include a tax on commercial and residential property. Local authorities can also levy property taxes and some communities levy a poll tax.

Prince Edward Island. Full provincial funding is available. Provincial revenue sources include a commercial and residential property tax. Local boards may raise taxes through referendum but has not been used.

Nova Scotia. The province provides 87 percent of funding but does not collect a provincial property tax. However, the province sets an education tax rate on commercial and residential properties which provides revenues to local jurisdictions.

New Brunswick. Full provincial funding is available. Ten percent of funding results from the levy of a tax on commercial and residential properties. Boards may set a local levy for supplementary programs but only two such levies exist.

Quebec. The province provides 90 percent funding. Local jurisdictions levy residential and non-residential property taxes but limited to a ceiling set by the province. The ceiling may be exceeded through the application of a referendum.

Ontario. The province provides 45 percent of the funding. Local boards levy taxes on commercial and residential properties.

Manitoba. The province funds 68 percent of total expenditures, about two-thirds of which is raised through a provincial tax on commercial and residential properties. Local boards levy taxes on residential properties.

Saskatchewan. The province provides 50 percent of the funding. Local boards levy taxes on residential and commercial properties.

Alberta. The province provides 60 percent of the funding. A uniform levy on commercial properties provides 13 percent of the total provincial grants. Local boards levy taxes on commercial and residential properties.

British Columbia. The province provides 100 percent of the funding. About 11 percent results from a levy on residential properties and 20 percent from a levy on non-residential properties. Local boards may levy a local tax by referendum only.

Without exception, taxes on residential and/or non-residential properties are used to finance K-12 education in all provinces. However, reliance on property taxes varies significantly from province to province. As well, several different approaches are used to levy and collect taxes. In some provinces, the taxes are levied provincially only; in others, both provincial and local governments levy property taxes; in others, only the local government levy the taxes; in others, the provincial government sets the rates and the local government collects the taxes.

In reviewing these data, it is important to understand that, where provincial grants account for all or most of school board revenues, property taxes are used to finance part of the provincial contribution. The reader should not assume that very high provincial funding translates into little or no property taxes in support of K-12 education.

Additional Taxation Issues

Tax Collections

Currently, municipalities collect all property taxes and are required to remit the education portion of the collections no later than the tenth of the month following the collections. Several school boards have entered into agreements with municipalities to govern the remittance of taxes. Several tax collection issues have been identified.

Accountability. From time to time, municipal representatives have complained that the public holds the municipal councils accountable for all tax levies, including the education levy. Consequently, it has been suggested that school boards might collect their own taxes. In its submission to the consultants, SUMA suggests the possibility of establishing separate assessment rolls, and tax collections should be explored. The SSTA has indicated school boards would be willing to collect property taxes. SAMA has indicated it might be in a position to produce tax notices on behalf of local governments. After reviewing the options, the consultants offer the following observations:

. **Little would be gained by having more than one tax collection agency.** As much as possible, taxes should be used to provide services and not to finance duplicate administrative costs, such as enforcement proceedings or maintenance of tax rolls. In the case of enforcement proceedings, conflicts between local governments could develop under a multiple tax collection system.

. SAMA should explore fully the possibility of producing tax notices for local governments requesting such a service. This service could be similar to the payroll system operated by the SSTA for school boards and could be of great assistance particularly to smaller jurisdictions. **However, the responsibility for the mailing of tax notices and collection of taxes should remain at the local government level.**

. Legislation should be introduced to encourage municipal councils and school boards to enter into agreements to govern the collection of taxes and set out the terms and conditions of tax collections. Several school divisions have entered into such agreements with urban municipalities.

. The tax notices should clearly specify:

a) the tax rates for each local government
b) the amount of tax payable to each local government
c) the address and telephone number of each local government levying taxes; and
d) where separate school divisions exist, the designation of school taxes.

The consultants understand that the taxpayer may complain to the municipal official about tax levies, given that the taxes are paid to the municipality. However, given all the publicity given to school taxes in recent years, the consultants believe that most taxpayers understand school taxes are levied by boards of education.

Timing of Collections

Generally, urban municipalities send tax notices early in a tax year and provide discounts for the payment of taxes before June 30. Rural municipalities do not normally send tax notices until the fall of the tax year but still provide discounts for payment before a specified date.

These practices have a significant impact on school division cash flows. School boards with most of their tax base in rural municipalities incur much higher borrowing costs than others under the current system. The consultants are familiar with the historical reasons for these differences but question the need today. Two options for improvement have been identified:

. Rural municipalities could adopt the practices of their urban municipal counterparts. Tax notices could be sent early in the year with discounts available for payment by mid-year. Penalties could be assessed for late payment beginning in July.

. Rural municipalities could send tax notices early, apply discounts for early payment of taxes but not apply penalties for late payment until December. This is a compromise between the existing rural and urban practices.

In 1989, boards of education spent $6.4 million on current interest charges, of which $5.3 million was spent by rural boards of education. Improvements in the timing of tax collections could reduce those expenditures significantly.

Abatements, Exemptions, Discounts and Penalties

Under current legislation, the municipal councils have the authority to abate, compromise, or refund taxes; to exempt properties from taxation within certain limits; and to apply discounts penalties on taxes within legislated limits. School divisions have no such authority and the municipal council decisions apply to taxes levied by school boards.

General Principle. In dealing with these matters, it is important to understand that in many instances decisions taken by one municipal council can have a direct impact on the amount of taxes paid by residents of other municipalities. Except for eight cities, the boundaries of municipalities are not coterminous with the boundaries of school divisions. Consequently, because school boards are required to levy a uniform mill rate across the school division, revenue losses incurred by a municipal council decision to reduce the taxes within a municipality must be covered by tax increases applicable to residents in all municipalities within the school division.

The consultants believe that municipal councils should not have the authority to shift the burden of school taxes to residents of other municipalities. As a basic principle, if a municipal council decides to reduce taxes for a class of properties, specific individuals or corporations through the various means available, the revenue loss should be covered by the residents of that municipality - and not by others.

The consultants are aware of the "innovative practices" used by a few municipal councils to reduce taxes on their residents. The courts have consistently rejected these practices and the provincial legislature has acted to place limits on certain actions. Further, the SAMA proposals to eliminate the business tax roll as a separate tax roll may assist further in controlling these practices.

The consultants are aware of the proposals put forward by the provincial organizations on this issue. The SSTA has stated that "one local government should not have the ability to limit or decrease another local government's tax levy." (SSTA Brief, p. 21) Municipal organizations have expressed reluctance to give up their authority on these matters. The Local Government Finance Commission final report recommended that municipalities retain their powers of abatement, compromise, and refunds and that rural municipalities be given the same powers as urban municipalities (LGFC Final Report, p. 41). The LGFC also recommended that the power to grant exemptions be removed from municipalities (LGFC Report, p. 40)

Abatements, Compromises and Refunds. When taxes on properties are abated, compromised or refunded, the property remains on the tax roll and there is no consequential impact on the distribution of provincial grants to school boards. However, a revenue loss is incurred by the school division and is usually offset by increased tax rates.

Abatements, compromises and refunds are usually of two kinds. First, in the case of business taxes, when a business is terminated, the taxes are rebated on a proportional basis. Similarly, if a building were demolished, property taxes would also be refunded for the balance of the year. It is noted that buildings constructed during the year are added to the tax roll upon occupancy. Second, a council may decide to abate , compromise, or refund taxes on non-exempt properties for a variety of reasons that may include recognition of the use of the property; economic incentives to attract businesses, or reduction of financial hardships on a particular organization.

Generally, these tax reductions can occur at any time throughout the year and boards of education may be advised only after the decision have been made and well after the budget has been established.

After reviewing the issues, the consultants recommend:

B-7 - That property and business tax refunds due to the discontinuance of a business or removal of an improvement, etc. continue to be administered by the municipal council.

B-8 - That tax abatements and compromises by municipal councils on taxes levied by boards of education for reasons other than those specified in B-7 be permitted only by agreement with the board of education or, alternatively, that municipal councils retain their existing powers but that boards of education be given the authority to levy a supplementary tax on the residents of the municipality granting the tax abatements to offset the revenue losses resulting from the municipal council.

Currently, when a municipal council abates or refunds taxes on a property, it must raise taxes on other property owners to offset the revenue loss incurred by the municipality. The alternative approach would make the impact of the municipal council decision the same for both the municipal and school authorities although the supplementary levy might occur in the following year.

The adoption of these proposals would reduce, if not eliminate, the tax shifting that occurs when a municipal council abates or compromise taxes. The residents of the municipality taking the decisions would bear the consequences of those decisions. The fairness of the tax system would be improved.

Exemptions. In 1986, the Local Government Finance Commission included a lengthy discussion on exemptions in its final report (LGFC Report, 1986, pp. 27-42). The consultants agree with the Commission's observations with respect to the exemptions and support its recommendations. The consultants also note there is considerable agreement among the local government organizations that exemptions should be reduced.

In its report, the LGFC included two proposals that should be emphasized in this report:

- **Local governments should be compensated fully by the provincial government for changes in their local tax base brought about as a result of a provincial government decision on tax exemptions (LGFC Final Report, 1986, p. 40).**
- **The Commission recommends that the provincial legislation be the only body which is empowered to**

exempt assessment from taxation, and that the power to exempt assessment be discontinued from municipalities (LGFC Final Report, 1986, p. 40).

To date, municipalities continue to have the power to exempt properties from taxation. Under Regulation 23(2), Part VI of The Education Act, properties exempted by municipal councils are to be added to the estimated equalized assessment for the purpose of determining the recognized local revenue on which the provincial grants are calculated. The impact would be to reduce the school division grant and to require an additional levy by the school division to make up the revenue shortfall.

The consultants agree with the general intent of the regulation to require the school division, in which the exemption is granted by the municipal council, to make up the revenue loss locally. However, the following concerns are noted: 1) the exemptions granted by municipalities have not been reported consistently. **As a result the regulation has not been applied evenly; 2) the problem identified above in discussing abatements and refunds also applies to exemptions. One municipality grants the exemption but residents in all municipalities in the school division bear the cost of the additional tax levy required to offset the revenue loss from the granting of the exemption.** Therefore, it is recommended:

B-9 - That the proposals regarding abatements and refunds should also apply to exemptions, if municipal councils are to retain the power to exempt properties from taxes.

Discounts and Penalties. Municipal councils have the authority to establish discounts for the early payment of taxes and penalties for the late payment of taxes. The provincial legislature has set limits on the amount of the discounts and penalties to be set.

As noted in the LGFC Report, "discounts and penalties should serve as an incentive for the early or prompt payment of taxes, thereby reducing the need for local governments to borrow to finance their operations." (LGFC Final Report, p. 40)

The consultants believe these provisions are useful and, to be effective, should be related to the income a taxpayer could earn if the funds were kept in a savings account or invested in a guaranteed return instrument. Discounts should be provided for payment of taxes early in the fiscal year. Currently, the legislation governing rural municipalities provides for discounts late in the year. The regulations under The Urban Municipalities Act sets the maximum rates for discounts and penalties at 15 percent per annum and discounts are usually applied for payment early in the year.

Current legislative provisions allow a wide range of practices that can result in minor education tax shifts from one municipality to another if rates of discounts and penalties vary. Generally, school divisions absorb the full cost of the discounts and receive a share of the penalty revenue. Consequently, when municipalities do not follow roughly similar practices, the final incidence of the tax can fall unevenly among the residents of the municipalities.

Therefore, it is recommended:

B-10 - That the provincial government reconsider legislation governing discounts and penalties on property

taxes levied by boards of education to:

i) encourage the early payment of taxes;
ii) establish a relationship between prevailing short term interest rates as determined by the Bank of Canada and the maximum discount rate to be provided by municipal councils.

Taxation Agreements

The Acts governing municipalities require municipal authorities to collect property taxes and to remit the education portion to boards of education by a specified date.

The Education Act permits boards of education to enter into agreements with municipalities "for any purpose considered necessary and advantageous to the quality and efficiency of education and related service available to the pupils of the division."

The consultants are aware that several urban school divisions have entered into agreements with the municipality to govern the collection, and distribution of tax revenues and to specify the authority pertaining to the abatements, compromises, exemptions, discounts, and penalties. These agreements are deemed to be beneficial to all parties concerned because they supplement the legislative provisions and result in a better understanding of the issues.

Therefore, it is recommended:

B-11 - That boards of education and municipal councils be encouraged to enter into written agreements governing procedures and authority relating to tax collections, discounts, penalties, rebates, compromises, and/or rebates.

Conclusion

The observations on abatements, compromises, refunds, discounts and penalties are designed to achieve a singular objective: to improve the fairness of the property tax system by reducing the opportunities for tax shifting from the residents of one municipality to another, in school divisions in which boundaries are not coterminous with the municipal boundaries.

Undoubtedly, some will argue that these proposals will unduly limit the taxing powers of municipal councils. The consultants suggest that this need not occur if municipalities and school boards are prepared to discuss and reach agreement on many of these issues. The consultants wish to emphasize that, by implementing these proposals, the school boards will not receive additional funds. Rather, the beneficiary will be the taxpayer who will be subject only to taxes levied by councils or school boards in his/her jurisdiction, and not to taxes resulting from decisions taken by other councils.

CAPITAL FUNDING

The terms of reference for this component of the study require the consultants to examine several aspects of capital requirements, including current funding mechanisms, funding options, need for infrastructure maintenance, disincentives in the systems, debt financing mechanisms, effective utilization of school facilities, and future requirements.

Capital requirement issues must be considered within the broader context of this study. **Specifically, the options available for the financing and management of capital requirements are very closely related to the organization of school divisions and the variance in tax bases among those school divisions.** Under the existing structure, the tax base in school divisions ranges from a low of just under $900,000 to more than $900,000,000, a ratio of 1:1021. This wide range of fiscal capacity makes it difficult, if not impossible, to structure a capital assistance program with significant local contribution unless the goal of taxation equity is sacrificed.

Consequently, the consultants have considered capital requirements within the context of a reorganization of school divisions that would reduce in a significant way the variances in fiscal capacity that exist. In other words, the proposals discussed below can best be implemented with fewer school divisions.

Issues Considered

The major issues addressed in this section of the report include the following:

.Analysis of the Current Funding Arrangements
.Definition of Capital
.Data Required for Effective Decision Making
.Funding Requirements and Responsibilities

Analysis of the Current Funding Arrangements

Background Data. During the period 1982-90, Saskatchewan Education approved capital projects in the amount of $550,683,273. The data in Table C-1 show the distribution of those funds. Expenditures in rural school divisions accounted for 48.5 percent of the total.

Large city school divisions, excluding Moose Jaw RCSSD, accounted for 30.0 percent while school divisions in smaller cities accounted for 11.7 percent of total expenditures. All other boards accounted for about 10 percent of expenditures with Northern boards accounting for most of that.

Table C-1
Capital Projects Approved by Saskatchewan Education During 1982-90, by School Division Category

School Division Category	Amount	Percentage
Rurals	$267,060,361	48.5
Villages	7,294,747	1.3
Towns	3,783,905	0.7
Cities (Urban)	165,428,594	30.0
Cities (Rural)	64,534,706	11.7
Comprehensives	1,830,621	0.3
Northern	40,750,339	7.4
Total	$550,683,273	99.9

Source: Saskatchewan Education

The data did not permit precise allocation of costs between local and provincial governments over the period. However, excluding interest costs, the provincial government assumed, on average, about 85-90 percent of the costs up to 1987. In 1987, the funding arrangements were changed to reduce the provincial contribution to about 80 percent of costs, again excluding interest costs. During this period, the provincial government assumed all interest costs associated with debt retirement. Therefore, the provincial share of total costs was higher than identified in the funding formulas.

Equalization Provisions. **The funding arrangements provided for limited equalization of tax impact among the school divisions.** Currently, the local share of approved costs, excluding interest costs, ranges from 10 percent to 30 percent, depending on the calculated fiscal capacity of the school division. The fiscal capacity of a school division is measured by the ratio of the Basic Grant to Net Recognized Expenditures in the foundation grants program. Further adjustments are made in an attempt to provide reasonable equalization among school divisions in a provincial school division structure that has enormous variances in tax bases. **The high level of provincial funding combined with the equalization formulas has made capital projects affordable for most school divisions. However, significant inequities remain.** To illustrate, the required 1990 local contribution for a $1 million capital project in rural school divisions ranged from 1.77 mills to 7.80 mills; for the cities, the range was from 0.25 mills to 25.67 mills. The data in Table C-2 show the local financial requirements both in terms of dollars and impact on mill rate.

Table C-2
Local Contribution Required for $1 million Capital Project in 1990, Selected Divisions

School Division	Amount	Percent	Mill Rate
A	$208,121	20.81	1.77
B	183,580	18.36	7.80
C	173,431	17.34	25.67
D	227,798	22.78	0.25

Source: Saskatchewan Education

The data in Table C-2 show the impact of the wide variances in tax bases. School Division D would have been required to make the largest local contribution, dollarwise and percentage wise, but, due to its large tax base, needed a very small increase in mill rate to finance its contribution. Because of its size, School Division D needed to finance many more projects than the others but, even with this consideration, the impact on the local tax base was relatively small compared to others. If the local contribution had been increased significantly, these differences in mill rate impact would have been exacerbated.

Affordability. The data in Table C-3 show that affordability of capital projects was very dependent on provincial support. Those data show the value of approved capital projects in mills, excluding interest costs. **To put it another way, had no provincial support been available, school divisions would have had to levy these mill rates to finance these capital projects. On average, the mill rate levy would have been the equivalent of 84.83 mills, or 9.4 mills each year.**

Table C-3
Value of Approved Capital Projects, 1982-90
Ranked on Basis of Value Expressed in Mills
School Divisions in Groups of 10[2]

School Division	Dollar Value	1989 Assessment[1]	Value(Mills)
1-10	$ 3,615,292	$ 386,736,399	11.93
11-20	9,877,916	362,669,704	27.24
21-30	91,057,908	2,075,752,116	43.87
31-40	30,495,784	546,600,947	55.79
41-50	51,104,245	763,933,776	66.90
51-60	35,501,781	411,889,704	86.19
61-70	75,284,168	724,174,453	103.96
71-80	60,463,379	497,861,576	121.45
81-90	58,445,125	402,073,991	145.36
91-104	131,510,546	395,902,143	332.18
Total [3]	$548,356,243	$6,567,594,809	84.83

[1] Assessment is the derived 1989 assessment. If the assessment used had been the assessment in the year the projects were approved, the value in mills would have been greater.

[2] The data exclude the Comprehensive school divisions because they have no independent tax base and Mathieu RCS which was disestablished in 1989.

[3] The last group includes 14 school divisions.

Source: Saskatchewan Education

However, the tax requirement for some school divisions to meet the needs, as demonstrated by the approvals, would have been beyond the fiscal capacity of most school divisions and the goal of taxation equity would have been completely neglected. At the extremes, Gravelbourg School Division would have met its requirements with a levy of 2.99 mills while Estevan RCS would have required 2,140.87 mills. Had interest costs been included, the differences would have been even greater. **It is important to understand that two variables contribute to the variances: capital requirements and the tax base.** School divisions with heavy requirements and relatively small tax bases such as Saskatchewan Valley are most adversely affected by distribution formulas that do not provide full equalization.

The consultants were not able to obtain precise data on the actual tax levies required to finance the local contribution to each project. However, those contributions would have been very small relative to the total cost of the project.

These data demonstrate the difficulty in distributing funds fairly in a setting in which both needs and fiscal capacity vary widely. Over time, Saskatchewan Education has attempted to reduce the inequities or the local tax burden to finance capital projects. For instance, the introduction of a mill rate cap prior to 1987 was a means of reducing inequities. Similarly, the current formula appears to be a mathematical approach to a difficult problem, which could be deemed arbitrary. In addition, Saskatchewan Education has begun applying a utilization factor to encourage efficiency in the use of resources; in effect, this was a partial response to the imbalance between available funds and capital requirements identified by boards of education.

Efficient Use of Resources. Saskatchewan Education has also had to deal with financing approaches that encourage efficient use of resources. On the one hand, equity considerations required a very high level of provincial funding which, in turn, reduced the local contribution to the point that efficient use of funds may have been a secondary issue in the development of plans or the maintenance of buildings. On the other hand, the need to use scarce resources efficiently has focused attention on requiring a meaningful local contribution or other initiatives such as reducing the lower cost limit on roof repair projects.

The consultants note that the funding formula is only one issue related to efficient use of resources. By virtue of their size, many boards of education do not have the personnel required to make informed judgments about facilities projects, design issues, and the ongoing maintenance and repair of buildings. For the school divisions with small tax bases, the acquisition of those services, even on a contract basis, is beyond their means.

Additionally, the approach used to purchase services from architectural and engineering firms would not appear to promote efficient use of resources. In most cases, the fees are based on a percentage of the cost of the project. Consequently, there is no incentive for designers to search for economical solutions in the design of projects. When boards of education have little or no expertise to deal with these issues, and are not in a position to ask the right questions, very expensive projects can result.

Imbalance Between Funding and Identified Needs. Perhaps the most difficult issue confronting Saskatchewan Education and boards of education currently is the imbalance between available funding from the provincial government and the needs identified through the submission of the five-year capital programs by boards of education. In 1991, the total provincial funding for capital projects, excluding debt retirement, was about $17 million. According to Saskatchewan Education officials, the value of proposed capital projects, excluding interest costs, was close to $350 million. Roughly speaking, based on the 1991 funding levels, the backlog is twenty years worth of capital projects.

Boards of education are reluctant to finance capital projects with local funds because the possibility exists that the provincial government will provide funding to cover about 90 percent of the cost of the projects, including interest costs. They could be subjected to severe criticism by their electors for absorbing the cost of capital projects that should be financed by the provincial authority under the capital funding programs. Consequently, the projects do not get done and the backlog grows. The consultants believe that, under current funding arrangements, the imbalance between available funds and identified needs will grow. **There is little advantage in having a generous provincial capital funding program for approved capital projects if, in fact, there are no funds available to undertake the required work.**

Financing Debt Retirement Costs. **Under the current arrangements, Saskatchewan Education covers the full cost of debt incurred by boards of education to finance approved capital projects.** When boards utilize reserves instead of borrowing to finance a project, Saskatchewan Education replenishes the reserves with interest. The local contribution required from the school division must be financed by the boards of education through the use of funds raised locally.

These provisions are very generous, particularly for boards of education with large tax bases. To illustrate, a project estimated to cost $2 million would require an average local contribution of $400,000, leaving $1,600,000 to be financed through borrowing. Assuming a ten year term with an 11 percent interest rate, with semiannual payments, Saskatchewan Education's outlay over the ten year period would be about $2,201,772, or just under 85 percent of the total cost of the project. The local contribution for the school division with the largest tax base would be less than one-half of one mill.

The debt incurred by boards of education remains a liability of the school division and is not guaranteed by the province, even though the province covers the cost of the debt fully. A provincial guarantee might result in lower borrowing costs overall.

Because the debt is financed completely by Saskatchewan Education, boards of education have no incentive to market the debentures at the best possible rate available. Many boards of education rely heavily on advice from the Saskatchewan Municipal Board or The Municipal Financing Corporation when establishing interest rates; however, it appears little time is spent to canvass the market for favorable rates. Further, boards of education are required to sell the debentures for a project before the construction contract can be awarded. In some circumstances, short term interim financing, such as is done by the municipalities, could result in substantially reduced costs.

Boards of education receive the grant payment on account of debt retirement in conjunction with the operating grant payment. As a result, boards of education that issue debentures prior to June 30 incur additional carrying charges throughout the term of the debentures whereas boards issuing debentures after June 30 benefit from the payment schedule. On larger projects, substantial additional costs or gains can be realized. With the use of computers, it would be a relatively simple matter to establish a provincial payment schedule that would correspond closely to the dates of payment for the debenture issue. **Payment to boards of education could be made on the same date as the debenture payment is due. As a result, the impact of debt retirement costs on boards of education would be neutral, as it should be.**

Finally, the consultants recognize the importance boards of education place on having capital debt financed through provincial transfer payments. This feature is very important, particularly to boards with limited tax bases and ability to finance capital projects. While recognizing the concern, the consultants have concluded that alternate arrangements may be appropriate to address the issue of a deteriorating infrastructure.

The Approval Process. Funding of a capital project is dependent upon receipt of approval from Saskatchewan Education to proceed. In 1989, Saskatchewan Education adopted a practice of granting approvals-in-principle for some capital projects in the year before the projects receive full approval. This approach has been welcomed by boards of education and assists with planning.

Approvals for capital projects result from a review of proposals submitted by boards of education and the application of criteria to establish priorities. The criteria address issues related to health and safety, enrolment growth, program changes, and condition of facilities. From time to time, Saskatchewan Education has been criticized for compromising the criteria in favor of other goals. However, the consultants note that the criticism on this account has not been reflected broadly in the submissions received.

The major criticism regarding the approval process is that approvals are increasingly difficult to obtain. Year after year, boards of education submit project proposals for consideration only to be rejected for lack of funds. Under the process, boards of education are not advised that the proposals have been rejected. Boards are often uncertain about the status of their proposals.

Each year, project proposals are prioritized for eventual consideration by Treasury Board and the Cabinet. The prioritization process includes visits to school divisions by Saskatchewan Education officials to assess the project proposals; a review of five-year plans including discussions with school division officials; consideration of project proposals by a Saskatchewan Education committee comprised by Regional Directors of Education and Facilities Branch personnel; and submission of priorities to the Minister of Education.

After internal review within Saskatchewan Education and the Minister of Education, a recommended list of projects is forwarded by the Minister to Treasury Board and Cabinet as part of the provincial budget review process.

Given that the provincial government funds close to 90 percent of the cost of capital proejcts, the current decision-making structure seems to be appropriate. However, if greater local contributions were required, broader involvement in the decision-making process might be considered.

Finally, the timing of the approvals is often subject to criticism. By and large, boards of education are informed that projects have been approved when the provincial budget is tabled. Frequently, the timing of the approvals is such that construction projects are begun during the winter months resulting in higher costs. Consideration could be given to announcing approvals earlier in the year to allow designing to proceed during the winter months and construction to be undertaken during the summer period.

Utilization Factor. In 1990, Saskatchewan Education introduced a utilization factor in the calculation of the level of funding for approved capital projects. The utilization factor was presented in detail in the consultants' Issues and Background Information Paper issued in September, 1990 and is not repeated here. The intent of the factor is to encourage more efficient use of facilities. Generally, when a board of education's utilization of facilities according to the Saskatchewan Education schedule falls below 80% of the existing usable area, the local contribution required for a capital project is increased beyond the regular application of the granting formula. As usage declines as a percentage of existing usable space, the local contribution increases.

In its submission to the consultants, the SSTA argued that the utilization

factor should not be used to determine the level of provincial funding for a capital project(SSTA, 1990, p.28). Instead, it was argued, the utilization factor may be appropriate with respect to approving a capital project(SSTA, 1990, p.28). Generally, the consultants believe the SSTA position has merit, particularly in a restructured system with fewer school divisions. In a restructured system, boards of education would have greater opportunity to rationalize services and improve the utilization of facilities, if they chose to do so.

Definition of Capital

Currently, the definition of **capital** for which provincial support is provided is limited to new school construction, replacement of existing schools, major renovations and repairs(exceeding one-half mill or $50,000 which ever is lesser), school additions, equipment associated with these projects, and the purchase or lease of land associated with the projects.

The consultants believe this definition is not sufficiently broad to reflect the nature of capital acquisitions undertaken in a modern school division. Specifically, boards of education are making large equipment purchases including vehicles, buses, computers, electronic and audio-visual equipment, and technical-vocational equipment. In 1990, boards expected to spend about $20 million on these purchases alone. The consultants believe that more attention needs to be paid to planning for the eventual replacement of this equipment because much of it will be obsolete in very short order. To the consultants' knowledge, very few boards are making provision for these future costs by making provisions for reserves. The problem will be accentuated with the termination of the Educational Development Fund program in 1994.

Consequently, it is recommended:

C-1-That the definition of capital be broadened to include the following major categories:

.New building construction including land acquisitions and additional space
.Rehabilitation - Major Renovation and Repair
.Minor Renovation and Repair
.Machinery, Equipment, Furniture, and Vehicles

The distinction between Rehabilitation and Minor Renovation and Repair projects should be based on the value of the project in relation to the fiscal capacity of the school division. The funding mechanisms will be discussed in more detail below. However, it is intended that conditional funding would apply to the first two categories and unconditional funding on the final two categories of the definitions.

The Machinery, Equipment, Furniture, and Vehicles category is intended for the replacement of the expenditure categories in the operating budget used to report the purchase of these items. The consultants expect that increased use of computers and technology associated with Distance Education programs will require additional funding in the future.

Information Required for Effective Decision Making

Decisions pertaining to capital projects are both needs and resource driven.

They are needs driven when decisions are based on the criteria established for the purpose of establishing priorities. They are resource driven in the sense that the available resources dictate the number of projects that can be undertaken. Within the context of defining and funding capital requirements, the importance of good information cannot be overemphasized particularly when available resources cannot meet identified needs. The consultants have identified the following as the major components of information pertaining to decision making on capital projects:

- **Criteria on which the proposals are to be judged**
- **Relative merit of project proposals submitted by boards of education**
- **Long term needs of the school division in relation to the project proposal**
- **Nature and quality of existing facilities in the school division**
- **Possible program changes that would impact on the school facility**
- **Construction and Financing Costs**
- **Fiscal capacity of the school division**
- **Financial impact on current and future Saskatchewan Education budgets**

Criteria - **The criteria on which decisions on capital project proposals are based should be clearly stated, understood and followed.** The selected criteria form the basis on which priorities are established. In a circumstance in which requests far exceed approvals, the fair application of criteria assumes great importance. **The consultants suggest that the criteria should be reviewed on a regular basis with the SFRB in order to promote support and understanding. The criteria are an integral part of the data base governing capital decision making.**

Merit of Proposals - By and large, the merit of proposals submitted by boards of education is determined by the application of the criteria. Priorities are established within the limits of available resources. However, the consultants believe a second level of decision making is required in assessing the merits of a project.

The design of a project is crucial to the quality and cost of the project. **In order to promote efficient use of resources, Saskatchewan Education should address a project approval primarily from the perspective of functionality in relationship to projected use.** During the course of this study, the consultants heard some suggestions that some capital projects incorporate unnecessary and expensive features. The consultants are not suggesting the construction of bare bones buildings that have little or no esthetic appeal. However, from time to time, when tenders are below budget estimates, additional features that have little impact on functionality are incorporated into facilities. Boards should have the right to make those decisions but should bear the full cost through local tax effort.

Long Term Needs - Each year, Saskatchewan Education requires boards of education to submit five-year capital building programs. The intent of the request is to provide Saskatchewan Education with some indication of need for the next five years.

In addition to this, Saskatchewan Education should consider requesting from boards of education long term projections for the future use of school facilities in the school divisions, including enrolment projections. This information may be particularly useful in relation to renovation or repair projects to be undertaken in a facility that may become surplus to the school division's needs in a short period. The consultants recognize the sensitivity of this issue both from the provincial and local perspectives. However, Saskatchewan Education has a responsibility to ensure that, in relation to provincial funding at least, available funds are used to the maximum advantage throughout the

province.

The consultants also acknowledge that several boards of education have studied the longer term use of facilities with a view to rationalizing services, wherever possible. Results of those studies should be made available to Saskatchewan Education when capital project proposals are submitted.

Saskatchewan Education should also require enrolment projections by school over a five year period, revised annually. It is expected that enrolments will change significantly in many school divisions in the next decade and this information is pivotal to decisions relating to capital projects.

Nature and Quality of Facilities - Saskatchewan Education is in the process of developing an inventory of school facilities in all school divisions in the province. The consultants support this effort and suggest that the information should be updated on a regular basis, at least every second year.

The consultants suggest that the following data are important to the assessment of educational facilities:

. Base Data - Site and floor plans to scale
  - Date of construction
  - Original value of the facility
  - Names of architect and contractor
  - Enrolments and number of staff

. Physical Condition of the Facility

- What deficiencies exist with respect to building codes, including fire, structural, accessibility and environmental requirements?
- What is the status of the mechanical and electrical systems?
- What is the quality of the interior finishes, including partitions, doors, windows, flooring, ceilings?
- What is the condition of the building envelope, including exterior walls and roof?
- What is the maintenance record on a facility?
- What is the facility record with respect to energy usage?

Over time, Saskatchewan Education should develop records on each facility in operation. In the meantime, Saskatchewan Education should consider requesting this information when project proposals are submitted. The consultants recognize that many boards of education do not currently have the resources to conduct such an analysis without obtaining consultative services. Restructuring of school divisions as discussed elsewhere in this report would have a very beneficial effect on this issue.

Educational Program Changes - Saskatchewan Education plans to implement significant curriculum changes over the next decade. The Facilities branch should be fully informed about the nature of these changes to assess possible impact on school buildings. Program changes may require modifications to the schedule governing the approval of facilities.

Construction and Financing Costs - The costs of construction are important to the determination of the total costs of capital projects. **First, budgets established for projects should be realistic and reflective of current market conditions.** If budgets are too high relative to contract prices, funds that could have been used for other projects are unavailable. On the other hand, if the budgets are too low, then financing issues arise and projects either have to be scaled down or other projects cancelled. **Second, costs of construction vary from community to community. Insofar as it is possible, these variances should be incorporated in the budgetary approvals.**

The accuracy of estimates is important for another reason. Boards of education are required to make the necessary financial arrangements, including borrowing, based on the cost estimates. Major deviations between actual and estimated costs can prove costly over extended periods of time.

Fiscal Capacity of School Divisions - The goals of equalization of opportunity and taxation equity apply equally to the capital funding programs. A key element in establishing the funding formulas is the fiscal capacity of a school division to finance a capital project. The best measure of a school division's fiscal capacity is its tax base and it should be used in the calculation of the level of provincial support for capital projects.

The current practice of using the operating grant as a percentage of total recognized costs is not the best measure of a school division's fiscal capacity because of the inadequacies in the current distribution formulas.

Financial Impact on Current and Future Saskatchewan Education Budgets - Given the current policy of providing transfer payments to cover debt retirement costs, Saskatchewan Education must be aware of both current and future budgetary implications when capital projects are approved.

Saskatchewan Education should maintain accurate records of the costs associated with the construction of a project and also with the financing of the project. The consultants were surprised that Saskatchewan Education did not include interest charges in the cost of a capital project when such costs could amount to 30 percent of the total costs associated with a project.

Conclusion. The development of a comprehensive database on the infrastructure of school divisions is crucial to the fair allocation of funds through the capital funding program. It is expected that some boards of education may criticize Saskatchewan Education for intruding into the realm of local decision making, particularly on issues related to more efficient use of resources. However, it is widely recognized that capital funding is best done through a conditional funding approach which requires broad understanding of local circumstances if resources are to be distributed to best advantage. Data such as enrolment projections, long term school division plans, impact of program changes on facilities, and cost projections are necessary for effective decision making.

Future Requirements

Requirements Based on Board of Education Requests. Earlier in the study, it was noted that the five-year capital programs submitted by boards of education included projects estimated to cost $350 million in the next five years. If it is assumed that 80 percent of this cost, or $280 million would be financed through debenture issues paid by Saskatchewan Education, **the total required cash outlay, including debt retirement, would be about $455 million**, of which $385 million would be financed by the provincial treasury under current regulations. The cash flow for these projects would be required over a 15 year period. However, additional project proposals would be submitted during that time. Only $20 million worth of projects were approved in the 1991-92 fiscal year.

Commitments to debt retirement to the 1997-98 fiscal year, excluding projects approved in 1991-92, are $295,258,922. That is, if no additional capital projects were approved before 1997-98, Saskatchewan Education would still require those funds to meet prior commitments.

The vast majority of projects proposed are school replacements, renovations or small additions to existing facilities. With few exceptions, new school construction proposals have been submitted by urban boards of education.

Requirements Based on Historical Demand. In 1989, the Facilities Branch of Saskatchewan Education conducted a comprehensive analysis of identified needs, based partly on requests submitted by boards of education and partly on historical trends.

The data compiled by the Branch included a tabulation of school buildings according to date of construction. These data are presented in Table C-4.

Table C-4
Percentage of School Facilities Constructed Prior to 1950, Between 1950-1960, and after 1960, by School Division Category

	Pre-1950	1950-60	Post 1960
Rural	19	42	39
Village & Towns	28	36	36
Urban	23	32	45
Northern			100
Comprehensive			100

Source: Saskatchewan Education

Approximately 20 percent of school facilities were built prior to 1950 and are at or beyond their life expectancy. About 35 percent of the facilities were constructed during the 1950's in response to the post war baby boom. Although these facilities are of more recent vintage, Saskatchewan Education has determined that the quality of construction during the period was of significantly lower quality likely due to the heavy demand and the need to economize at the time. The remaining 45 percent were constructed in the post-1960 era.

As part of their projections, the analysis estimated that boards of education would close about 10 percent of the existing schools currently operating. This estimate generally is consistent with past practice.

The analysis concluded that 50 new elementary schools would be required during the five-year period beginning in 1989, either to accommodate growing enrolments or to replace existing buildings. Thirty-four of these schools were to be constructed in urban school divisions, ten in rural school divisions and six in northern jurisdictions. With the benefit of hindsight, it is now clear that the depressed economy has significantly reduced that demand for the time being.

The study concluded that five high schools would be required in urban areas. Again, the demand has been lessened in the near term.

With respect to renovations and additions, the Facilities Branch identified 197 potential projects, of which 131 would be required in rural school divisions and 37 in urban school divisions. Given the age of facilities and ongoing program changes, these proposals appear to be understated.

The total estimated cost, in 1989 dollars, for all identified projects was $373 million, of which $138 million was for renovation projects and $235 million for new construction. The estimated annual cost of construction, excluding debt retirement, was about $75 million per year. However, it appears the actual demand for new school facilities will be lower than projected.

Based on these data, the consultants have concluded that it is unrealistic to expect that funding will be available to finance the capital projects identified under current financing arrangements. By and large, the demand for new schools has been well met; however, the backlog of renovation projects will continue to grow unless additional revenue sources are identified.

Articulation with Post-Secondary Institutions. The consultants received data to show that many school facilities are grossly underutilized. While many of these facilities are in smaller communities that have experienced depopulation, underutilization of facilities also exists in larger communities, frequently at the high school level. In particular, several comprehensive schools provide services to far fewer pupils than had been projected initially.

During the course of the study, the consultants received several comments regarding the need for facilities for post-secondary programs, be they regional college, native education, or university programs. The consultants are also aware that negotiations are being conducted between boards of education and other educational institutions for the leasing of underutilized facilities.

The consultants were not required, as part of their mandate, to analyze this issue. However, on the surface, it would seem that boards of education and post-secondary institutions should be encouraged to pursue improved utilization of existing facilities, wherever possible, through contractual arrangements.

School Consolidation. Upon review of the size and nature of schools operating in 1990-91, the consultants believe that boards of education will likely consolidate programs in fewer schools, particularly if the projected enrolment declines materialize. The data in Table C-5 show the size of schools based on enrolments in city and non-city school divisions.

In September, 1990, school divisions operated 861 schools, of which 562 were located in non-city school divisions and 299 in city divisions. The enrolments in 334 of the schools were below 150 pupils.

In September, 1979, school divisions operated 967 schools, of which 648 were located in non-city school divisions and 319 in city school divisions. The enrolment in 415 of these schools was below 150 pupils.

In 1990, boards of education operated 106 fewer schools than in 1979. The number of schools with enrolments below 150 pupils declined by 81 schools.

Table C-5
School Size As Measured By Enrolment In City And Non-city School Divisions, 1979 and 1990

	Number of Schools					
Enrolment	Non-City		City		Total	
	1979	1990	1979	1990	1979	1990
<50	131	108	15	4	146	112
50-99	104	91	12	12	116	103
100-149	103	90	50	29	153	119
150-199	82	74	48	25	130	99
200-249	83	72	44	53	127	125
250-299	55	48	36	34	91	82
300-349	34	33	27	34	61	67
350-399	19	22	11	24	30	46
400-449	19	15	18	17	37	32
450-499	11	3	8	13	19	16
500-549	3	2	10	9	13	11
550-599	2	2	10	9	12	11
600-699	1	2	6	7	7	9
700-799	1		3	8	4	8
800-899			5	10	5	10
900-999			3	4	3	4
>999			13	7	13	7
Total	648	562	319	299	967	861

Source: Saskatchewan Education

Several of the remaining small schools were in remote areas or offered special programs but many others were in close proximity to other schools offering similar programs. These data suggest that several boards of education will have opportunities for further consolidation, both in rural and urban settings.

From a capital requirement perspective, a reduction in the number of school buildings may result in lower demand for renovation projects. Additionally, these data suggest that the evaluation of capital property should include consideration of options available for the delivery of programs in school divisions.

When the data are examined from the perspective of type of program offered in each school, it is evident that many boards of education have consolidated programs, and combined grade levels into a single school. Further consolidation will likely occur. The data in Table C-6 show the number of schools by program offering.

Table C-6
Number of Schools in Operation by Type in Non-City and City School Divisions, September, 1979 and 1990

School Type	Non-City 1979	Non-City 1990	City 1979	City 1990	Total 1979	Total 1990
K-6	86	85	66	32	152	117
K-7	21	22	17	24	38	46
K-8	47	50	154	156	201	206
K-9	63	59	2	7	65	66
Other Elem	147	75	7	15	154	90
Jr. High	6	5	16	12	22	17
7-12	61	48	0	1	61	49
8-12	7	9	4	9	11	18
9-12	11	5	27	29	38	34
10-12	4	2	9	6	13	8
K-12	159	177	1	0	160	177
Other Ele-Sec	33	23	1	1	34	24
Special	3	2	15	7	18	9
Total	648	562	319	299	967	861

Source: Saskatchewan Education

The data in Table C-6 show that considerable consolidation of programs has occurred. In non-city school divisions, various elementary program combinations are offered in 291 schools whereas only 69 schools offer either a Junior High or Secondary program. Two hundred non-city schools offer a combined elementary-secondary program, with 177 of these offering K-12 programs. Since 1979, the number of schools in non-city divisions has declined by 85; however, the number of K-12 schools has increased by 17 schools. Many of the consolidations have occurred within communities where two or more schools were combined into one.

The pattern in city schools differs significantly. None of these schools is a K-12 school. By and large, boards of education in cities have decided to offer elementary and secondary programs in different facilities. A small number of Junior High schools exist. Since 1979, the number of schools in city divisions has declined by 20.

When the data in Table C-6 are examined in the light of the data in Table C-7, the conclusion that additional program consolidations will occur is reinforced. Primarily, it is expected that several small schools offering only elementary programs will be consolidated and that several high school programs in smaller schools will be discontinued, as enrolments decline. These consolidations have taken place in many school divisions but have not yet been undertaken in others. It is important to understand that the pattern across the province is uneven. However, it is not unrealistic to expect that the reduction in the number of schools experienced in the last decade will be repeated in the next decade, particularly if projected enrolment declines materialize.

Table C-7
Number of Schools Operated by Saskatchewan School Divisions, by Type and Enrolment, September 1990

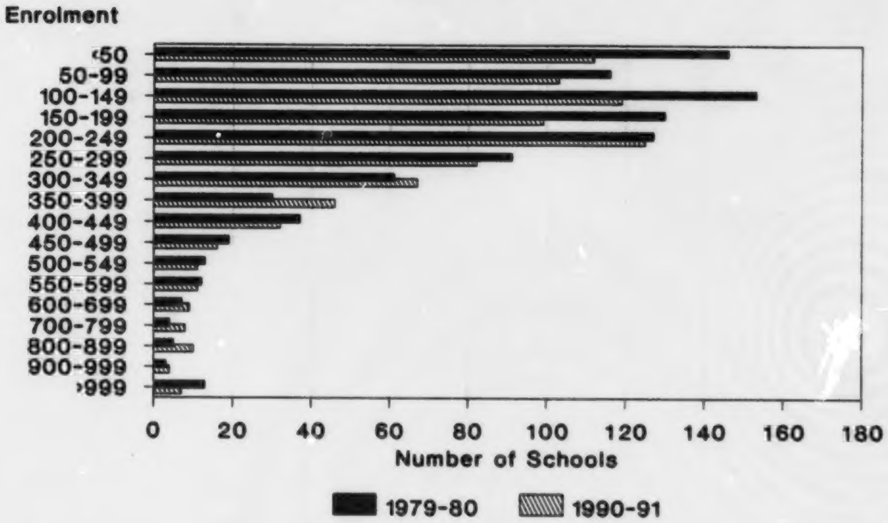
	K-6	K-7	K-8	K-9	Other Elementary	Junior High	7-12	8-12	9-12	10-12	K-12	Other Elem-Sec	Total
<50	18	2	18	14	56						1	3	112
50-99	14	3	19	24	12	1	4				22	4	103
100-149	21	8	17	6	7		9	3	1		41	6	119
150-199	14	6	15	6	7		10	3	3		33	2	99
200-249	17	8	36	7	7	4	9	3	3		30	1	125
250-299	16	7	20	1	5	1	5	2		1	20	4	82
300-349	6	5	21		2	6	4	1	4	1	17		67
350-399	3	4	19	1	2	3	4	1	1		7	1	46
400-449	5	3	10	2	1	2	2	1	1		4	1	32
450-499	2		12	2									16
500-549	1		6	1					1	1	1		11
550-599			8					1			1	1	11
600-699			2	2			1	1	1	1		1	9
700-799			3				1		3	1			8
800-899								1	8	1			10
900-999									3	1			4
>999								1	5	1			7
TOTAL	117	46	206	66	99	17	49	18	34	8	177	24	861

Source: Saskatchewan Education

Figure C-1

School Size By Enrolment

(1979 versus 1990)



Saskatchewan Education

Figure C-2

Number of Schools By Type

(1979 versus 1990)

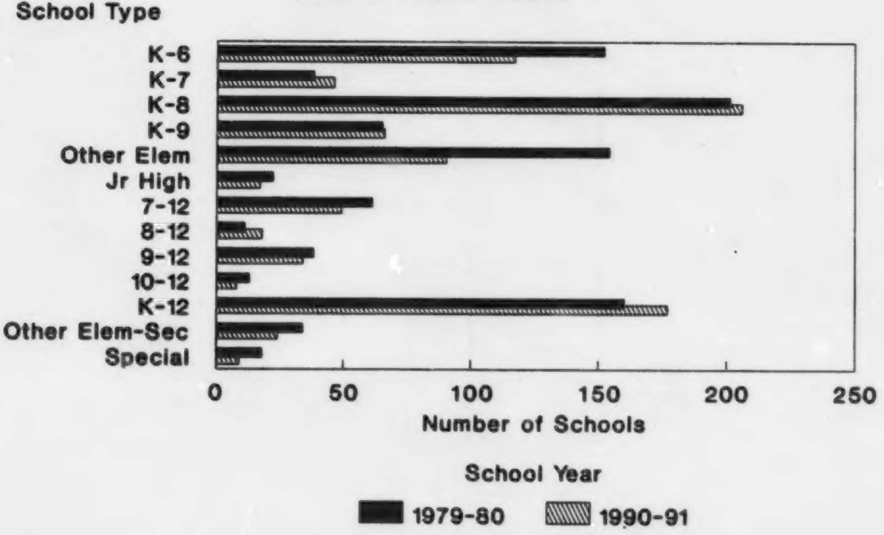


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Figure C-3

Number of Schools By Type
September, 1979

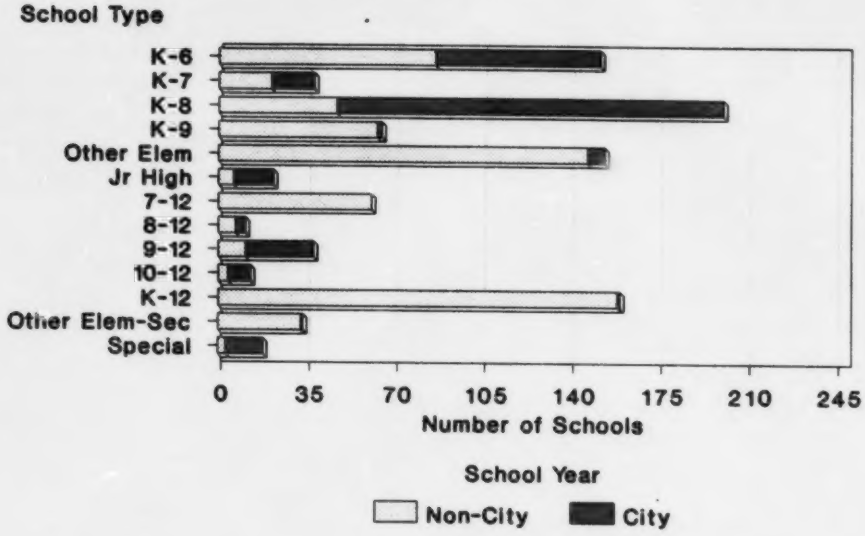

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Figure C-4

Number of Schools By Type
September, 1990

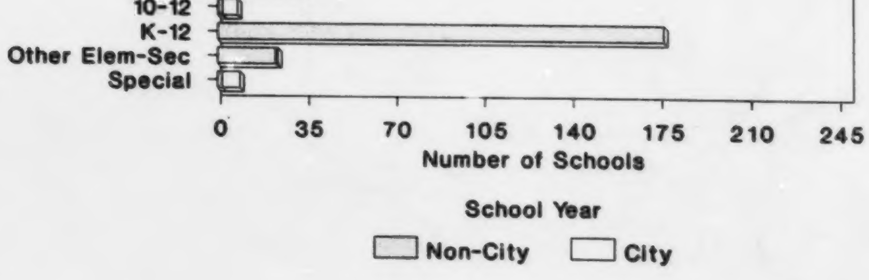

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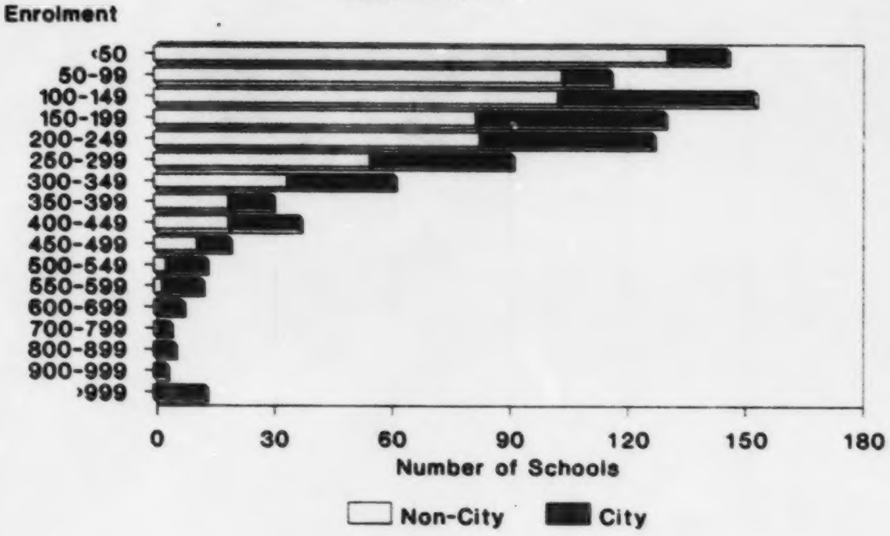
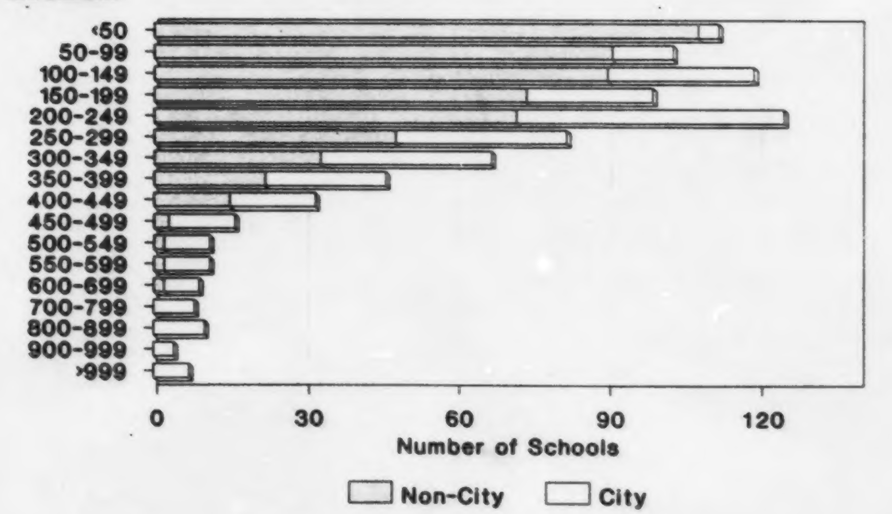
Figure C-5
School Size By Enrolment
September, 1979



Saskatchewan Education

Figure C-6
School Size By Enrolment
September, 1990



Saskatchewan Education

If the consolidations occur, the request for capital projects should decline. However, in the short term, Saskatchewan Education should anticipate some requests for renovations or small additions to accommodate transferring pupils.

Capital Funding - A Proposal

The consultants are proposing a two-tiered approach to the funding of capital requirements. The proposal incorporates the broadened definition of Capital as described above. The two tiers include conditional and unconditional funding components.

Unconditional Component. The unconditional component of the program is consistent with the resource cost model developed for the operating grants and described in Chapter two of the study. **The unconditional component is designed to fund three major areas of expenditures incurred by boards of education. They include:**

.Minor Renovations
.Equipment, Furniture, Vehicles and Machinery Purchases
.Reserves for Equipment Replacement

The proposal anticipates the following approach:

Step 1 - The School Finance Review Board (SFRB) would establish the service levels required for these functions. These could be defined on a per pupil basis or a combination of per pupil allocations and allocations per square meter for the renovations component of the funding.

Step 2 - The SFRB would determine cost factors to be applied to the service levels. In this case, an attempt would be made to identify the cost differentials, if any, that would exist among different types of school divisions.

Step 3 - Once the service levels and cost factors were established, SFRB would develop a proposal for the cost sharing of this component of the capital program. This should be consistent with the cost sharing in the basic service level of the operating grants program.

Step 4 - Boards of education would be required to levy taxes for these purposes and to allocate the funds to current expenditures or to capital reserves for future use. The provincial component would be distributed to boards through the monthly grants payments.

Step 5(optional) - Boards of education wishing to spend more than the program provides would be entitled to do so but would be required to raise the funds locally. Unspent amounts each year would be placed in a designated capital reserve for future use.

Illustration - The consultants have assumed an unconditional capital grants program based on $125/pupil. The total cost is assumed to be , approximately $24.8 million based on 1989 PSSR enrolments, of which the local share would be 40 percent. The local requirement, on average would be 1.5 mills based on the 1989 derived assessments.

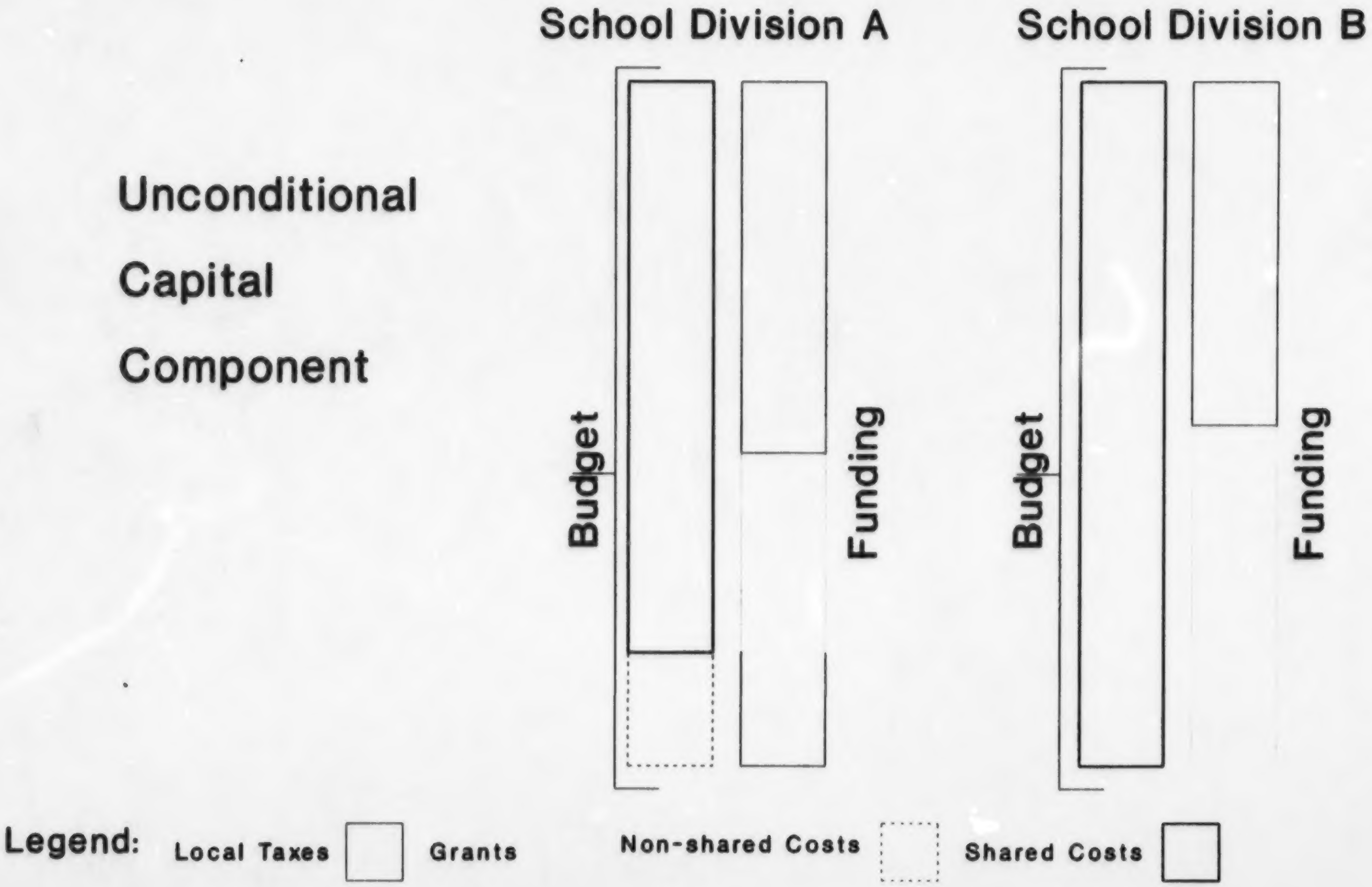
The grant payable to school divisions would be the total cost, based on $125 per pupil times the enrolment, less the revenue generated by applying 1.5 mills to the

Figure C-7
Fiscal Framework Illustration

Unconditional

Capital

Component


School Division A
School Division B
Budget
Funding
Budget
Funding
Legend:
Local Taxes
Grants
Non-shared Costs
Shared Costs

assessment. Thus, the tax effort to generate an equal amount of revenue per pupil would be the same across the province. The SFRB could decide to differentiate the costs to reflect price differences and, in that case, different amounts could accrue to some as compared to others, but the levy would remain the same for all. For example, in remote rural settings, the cost of equipment may be greater than in urban school divisions. Therefore, those differences would need to be taken into account to maintain equalization. The actual grant paid would vary in accordance with the fiscal capacity of school divisions. This approach is a Guaranteed Tax Base approach with the costs governed by the School Finance Review Board.

The data in Table C-8 show in tabular form the distribution of funds under this illustration.

Table C-8
Shared Cost Unconditional Capital Funding Program
Based on $125/pupil and 60% Provincial Share

Division Category	Local Contribution	Provincial Contribution	Provincial Share
Rurals	$4,665,431	$6,073,694	56.6%
Villages	81,484	143,641	63.8
Towns	153,259	169,366	52.5
Cities-Urban	4,115,277	5,875,973	58.8
Cities-Rural	780,741	1,567,009	66.8
Comprehensives		464,500	100.0
Northern	91,024	571,976	86.3
Total	$9,887,216	$14,865,909	60.1

The data show the levels of provincial support among the school division categories varying with the fiscal capacity of the school divisions. The Comprehensive boards have no local tax base and, therefore, would receive all of the funding from the provincial treasury.

Observations - The introduction of this component into the distribution formulas serves several purposes. First, it identifies more clearly capital requirements and requires the allocation of funds on an ongoing basis. Second, it provides flexibility for boards of education in that funds can be accumulated from year to year and longer term planning for capital purchases is encouraged. Third, assuming the SFRB can successfully establish service and cost levels, the goals of equality of opportunity and taxation equity are well served. Fourth, funding is clearly identified for the purpose of undertaking minor renovation or repair projects within the school division.

This proposal is similar, in principle, to the block funding option included in the Alberta capital funding program. In that program, school divisions may opt for block funding based on a fixed amount per pupil, equalized, to finance small modernization projects, i.e. less than $100,000 instead of seeking approval for each project. Funds may be used only for prescribed purposes and boards of education can establish their own priorities within those restrictions. The program is intended primarily for large urban boards but is available to all boards of education. In 1991, eighteen boards of education with 62 percent of the provincial enrolment opted for this program. The consultants were advised that both boards of education and Alberta Department of Education officials are pleased with the program.

Therefore it is recommended:

C-2-That Saskatchewan Education adopt a shared cost unconditional capital funding program to finance purchases of machinery, equipment, furniture and vehicles and the cost of minor renovation and facility repair projects with provision to carry over funds into a designated capital reserve for future use if not required in the current fiscal year.

The unconditional component of the capital funding program should be included in the fiscal framework governing the distribution of funds. This component is illustrated graphically on page ___ of the report as part of the total fiscal framework governing the distribution of funds.

The figure depicting the unconditional capital component illustrates the impact on two school divisions, one in which the budget equals the shared cost component (Division B) and one in which the budget exceeds the shared cost component (Division A). In the latter case, local taxes would be required for the local contribution of the shared cost component plus the non-shared cost portion of the budget. The concept is identical to that utilized in distributing operating funds.

Conditional Component. The conditional component of the capital funding program is intended to deal with new construction projects and major renovations. The basic intent is that this component addresses needs that are beyond the routine maintenance and repair or minor renovation projects that a school division should undertake through regular operations. The consultants suggest that a more precise definition be developed through the School Finance Review Board. The definition should take into account needs and impact on local tax base of any project.

Background Information - Under the current school division structure, the development of an effective capital funding program that addresses need and equity is a very difficult task. **The variance in tax bases among the school divisions makes the financing of very small projects difficult in some school divisions without some form of provincial assistance.** To illustrate, in some school divisions, one mill raises less than $900 which makes the financing of capital projects virtually impossible.

The second issue that makes it difficult to address capital financing under the current organizational structure relates to the variance in incidence of need. Some school divisions are experiencing growth; others are experiencing enrolment declines. Some school divisions have as many as sixty-five schools in operation; others have only one. Some school divisions have relatively new facilities; others have facilities that have exceeded their life expectancy. Some school divisions have a single need to be addressed; others require ongoing capital funding on an annual basis to address both new construction and renovation requirements.

With this diversity in fiscal capacity and need, a very high level of provincial funding for capital projects is appropriate. Without it, issues of affordability and equity would not likely be addressed and the provision of school facilities would be more dependent on the fiscal capacity of school divisions. The consultants have identified shortcomings in the current funding formulas but note the equalization that arises from the high level of provincial funding.

The consultants have noted the widening gap between available provincial funding and the proposals put forward by boards of education. There is little point in having a generous funding program if money is not available to support it. One of the major reasons for the proposal that follows is the injection of additional funds to meet capital requirements.

The consultants have developed a proposal for capital funding that could be implemented once a restructuring of school divisions has been adopted based on the principles enunciated in this report. In addition, some modifications to the existing program are also being proposed in the event the current organizational structure is retained.

Capital Funding Program - The primary purpose of the capital funding program is to enable boards of education to provide required educational facilities with an equitable local tax effort. The issues to be addressed relate to the identification of need, the setting of priorities, and the fair allocation of funds to finance the projects.

The following principles are proposed to guide the development of a conditional grant program:

. **The primary responsibility for the identification of need should rest with the boards of education. Saskatchewan Education should assume a greater role in identifying needs particularly in relation to long term use of facilities and making more efficient use of existing facilities.** For example, in urban centers where both public and separate school divisions exist, requests for additional space should be viewed within the context of total space available in the community and not only existing space within the school division. Similarly, requests for additional space in other jurisdictions should be viewed within the context of space available in other communities in close proximity of the proposed project, even though they may be in another school division.

Boards of education should be required to provide long term plans for the future use of facilities in their school divisions in order to assist with the evaluation of capital projects.

The consolidation of school divisions would address many of these issues directly. The consultants are quite aware of issues pertaining to local autonomy and separate school rights but note that, in a conditional funding program with very high provincial funding, the provincial authority has a significant responsibility to ensure efficient use of resources.

. **Saskatchewan Education should continue to assume responsibility for the setting of criteria in regards to the approval of funding for capital projects. However, the criteria on which the priorities are set should be reviewed by the School Finance Review Board on a regular basis in order to develop consensus on their appropriateness.** In addition, the SFRB should receive on an annual basis a report on the projects approved during the current fiscal year.

- **The shared cost funding should be based on the total cost of the capital project, including interest charges on debt incurred.** The funding should be provided on an equalized basis with the measure of the school division's fiscal capacity being the assessment per pupil in the school division relative to the average assessment per pupil in the province. This approach may require some modification, particularly for small school divisions with small tax bases.

The primary concern on local tax effort should be the tax rate required to finance the local contribution for capital purposes rather than the actual dollar amounts required. This issue is very important if the proposal to require a local contribution for debt financing is adopted because, over time, school divisions with expanding capital requirements could incur a substantial ongoing liability, unless maximum limits are imposed.

- **In the interests of tax equity, the provincial share of capital costs should continue to be high.** The inclusion of debt in the shared cost formula would reduce the provincial financial requirement for this purpose. However, the consultants propose that the funds now made available for debt reduction be utilized for the purpose of addressing the existing backlog in capital projects in the future. **In the consultants' view, a significant increase in local contributions would not be practical or desirable under the current organizational structure.**

- **Under the existing organizational structure, consideration should be given to developing a specific provision for capital programs for the school divisions in Regina and Saskatoon.** These school divisions operate 184 of the provinces 861 schools and have very different needs than other school divisions.

In addition, the tax bases in those school divisions are significantly larger than other school divisions and their ability to absorb more of the cost of capital programs through local contribution is greater. However, the approach must be considered carefully because the long term ongoing needs in these school divisions are also greater. A block funding program similar to that introduced by Alberta Education may be very useful.

Under a revised organizational structure, the variance in tax bases is greatly reduced, except for the smaller separate school divisions that would remain. Consequently, the need for special provisions for the four larger school divisions would be significantly diminished, if not eliminated.

- **Consideration should be given to providing a provincial guarantee of the debt incurred by school divisions for capital projects.** The guarantee could assist in reducing debt servicing costs, particularly in smaller school divisions. In addition, **Saskatchewan Education should consider providing incentives to boards of education that market their debentures within Saskatchewan.** The incentive could be in the form of a modified local contribution.

- **The administration of the funds for capital projects should be improved particularly in relation to the payments to boards of education on account of debt retirement; the schedule of costs used to establish the budgets for projects; and the final approvals of projects that are within the established budgets.**

- **The responsibility for the structuring of the capital funding program should rest with the Financial Planning branch of Saskatchewan Education along with all other grants programs.** In that manner, the impact of the capital grants program can be measured together with the impact of the other grants programs.

Observations - In making these recommendations, the consultants attempted to address several issues. **First, the consultants propose to inject additional funding for capital projects without necessarily increasing the provincial cash outlay or imposing an undue burden on the local tax base.** Several of the principles support that objective, including cost sharing of the debt retirement, improved payment schedules for debt retirement, improving the cost schedules in preliminary approvals, introducing a provincial guarantee of school division debt, incentives for Saskatchewan marketing of debentures, and improved administration of existing funds.

Second, taxation equity should be improved through the use of the assessment base as the measure of fiscal capacity of the school division. With the retention of a high level of provincial funding program and greater consideration of the impact of funding requirements on local tax bases, taxation equity should be improved.

Third,the proposal to have Saskatchewan Education consider more fully existing space both within and outside school divisions and requiring long term plans from school divisions about the future use of facilities is designed to make more effective use of scarce resources. The submission of long term plans by school divisions should assist with the decision making particularly in relation to renovations.

Fourth, the assignment of responsibility to the Financial Planning branch to develop the capital funding programs should enhance the integration of the operating and capital funding programs. At the same time, the Facilities Planning branch could devote more attention to the issues pertaining to the quantity and quality of space provided.

Fifth, the issue of capital requirements and funding should be revisited if the provincial government undertakes a reorganization of school divisions. Under a structure consistent with the principles enunciated in this report, the ability of local school divisions to finance capital needs increases dramatically. Several optional approaches could be developed under an organizational structure encompassing fewer school divisions.

Therefore, it is recommended:

C-3-That Saskatchewan Education adopt the principles enunciated in this report to restructure the conditional capital funding programs with the objectives of greater effectiveness in the use of scarce resources, improved taxation equity, and additional support for capital requirements.

FINANCIAL REQUIREMENTS FOR OPERATING PURPOSES

The consultants examined the expenditures for K-12 education since 1975 which was the first fiscal year in which Kindergarten programs were provided in virtually all school divisions. The data were examined on gross current and constant dollar bases and on per pupil current and constant dollar bases. All expenditures were net of tuition fee costs.

Table D-1
School Division Expenditures Net of Tuition Fees on Current and Constant Dollar Bases, Gross and Per Pupil, Selected Years

	Gross		Per Pupil	
Year	Current	Constant	Current	Constant
1975	$249,427	$249,427	$1,137	$1,137
1978	363,038	286,987	1,696	1,341
1981	501,754	293,338	2,479	1,452
1984	695,534	332,410	3,502	1,674
1987	806,286	340,983	4,027	1,703
1990	915,722	338,566	4,624	1,710
% Change	267.1%	35.8%	306.7%	50.4%

Since September, 1974, enrolments have declined by 20,929 to 198,025, a reduction of about 9.6 percent. Consequently, on a per pupil basis, costs increased more rapidly than on a gross basis. Per pupil costs increased by 35.8% and 50.4% on current and constant dollar bases, respectively. With enrolment declines expected to continue for many years, it is expected per pupil costs will increase more rapidly than gross costs for many years.

The bulk of the increase in costs occurred prior to 1985 when the nation experienced very high rates of inflation and when Federal and provincial funding was more readily available. More recently, with tight budgets, high senior government deficits and increased debt loads, and reduced inflationary pressures, the rate of expenditure growth has declined substantially.

The consultants have several observations to make about current and projected expenditure patterns.

Nature of Expenditures. Education is labor intensive. Although no precise data are available, it is estimated that between 70 and 75 percent of school division operating costs relate to salaries and benefits.

These costs result from three components: the number and type of personnel employed to provide the services; the rates established for the payment of personnel, usually through collective bargaining processes; and senior government decisions on the costs of benefits such as UIC and CPP.

The number and type of staff employed relate directly to the service levels required to attain the goals of the educational enterprise. These decisions are made by boards of education but are influenced by many factors. Since 1978, pupil-teacher ratios have been reduced substantially. There has been a significant expansion in the support staff engaged to assist with the delivery of services. It appears the school's mandate has been expanding into non-traditional areas and will likely expand even further as judicial decisions based on the Charter of Rights are made. Some modes of service delivery are changing, not only in Special Education, but in the delivery of regular programs particularly to pupils in remote areas. Improved technology will afford heretofore unknown opportunities but will also require personnel to maintain and support the technology. All things considered, **boards of education will be faced with important decisions about the number and type of staff required to deliver quality programs in the future.**

In this report, the consultants have identified the need to deal with the issue of service levels required to meet the defined educational outcomes. The consultants have proposed the establishment of a School Finance Review Board to address these issues and to make recommendations to the Minister of Education about the nature of services required. **The established service levels will determine in large measure the financial requirements in the future. Other factors that will impact on financial requirements include the number of pupils to be served, the results of collective bargaining, board of education decisions to exceed service levels set at the provincial level, additional services to be provided by the school, technology, and Federal government decisions relating to benefits to be provided to staff.**

Pensions for Professional Staff. The consultants examined the issue of funding pensions for professional staff. They were unable to obtain precise data on future funding requirements for this purpose; however, it is clear that these requirements will escalate significantly due primarily to the unfunded liability in the old formula plan for teachers.

The consultants note that provincial pension funding requirements are comprised of two components: current service contributions and funding required to meet the past service obligations that were not funded prior to 1980. The latter are those costs that will cause most of the escalation of funding requirements in the next two decades.

The consultants offer the view that provincial contributions to teacher pension plans for current service costs are a legitimate expenditure to be included in the determination of annual costs of financing K-12 education. The inclusion of these costs would parallel the inclusion of pension contributions in board of education budgets for other staff employed by the school division.

However, the consultants propose that the costs of financing past service contributions due to the failure of successive governments to fund pensions until 1980 should be considered an extra-ordinary item not to be included in the current operating costs of providing K-12 services. The funding of the costs to provide services to today's children should not be adversely affected by the funding requirements associated with past service contributions for professional staff pensions.

Enrolment Projections. Elsewhere in this report, the consultants have provided several enrolment projections, based on different assumptions, for the periods ending in 2001 and 2011.

For the period ending in 2001, the possibilities in the models presented range from a decline of 5.6 percent to an increase of 6.1 percent in the 5-19 age group, when compared to 1989. The consultants believe that a reduction towards the lower end of the range is the most likely probability. A decline of 14,000 pupils in the next decade is not an unreasonable projections.

For the decade ending in 2011, the possibilities range from a reduction of 18.8 percent to an increase of 6.7 percent, when compared to 1989. Again, the consultants believe that a reduction towards the lower end of the range is the most likely probability. A reduction of 30,000 pupils between 1989 and 2011 would appear to be a reasonable projection.

To put these projections into perspective, from 1976 to 1990, enrolments in Saskatchewan schools declined by 21,104. The data reviewed by the consultants indicate that enrolment declines in the next two decades will be as severe, if not more severe, than those experienced in the past fifteen years.

Apart from the gross numbers contained in these projections, the consultants note several additional factors to be considered:

- **Urban-rural migration** -In the past 15 years, virtually all of the enrolment decline has been experienced in non-city schools. This can be expected to continue in the future.

- **Native Education** - The consultants have been informed that it is the goal of some Native leaders to establish a parallel educational system for pupils of Native ancestry. Several band schools are already in operation. Establishment of a parallel Native school system would have a major impact on enrolments in the traditional school system.

- **Public-Separate Shift** - In the past fifteen years, enrolments in city separate school divisions have grown much more rapidly than in city public school divisions. This may have significant implications on operating costs in some school divisions.

- **High School Enrolments** - Enrolments in many rural school have declined to the point where it is exceedingly difficult to deliver quality services in an effective and efficient manner. New approaches to service delivery will need to be explored.

The implication of these observations for financial requirements in the future is that the pressure for additional funding will not likely come as a result of enrolment growth. There is no evidence to suggest that funding will be required to respond to significant enrolment growth. However, in the absence of any major restructuring of school divisions to provide more opportunities for pupils particularly at the secondary level and to enhance economies of scale in the delivery of services, the pressure to provide more funding to sustain even minimal program offerings may well increase.

Other Factors. While the consultants have discussed many other factors that could impact on future financial requirements, the consultants offer brief commentary on the following.

The consultants are aware that an increased Federal presence in K-12 education is being advocated. This presence is usually tied to the need to refocus the purpose of the school to the requirements of the economy to be competitive in world markets. The financial impact of any significant adjustments in this direction should be carefully considered as should the role of the Federal government in the financing of initiatives in these areas.

Second, school divisions do not operate in a vacuum. They are often subject to the same economic pressures that face private sector organizations and other public institutions. Funding requirements to support social programs such as CPP and UIC fall on boards of education. Spiraling rates of inflation, payment of new taxes, fuel shortages, escalating insurance costs, etc. all impact on board of education decision making. Frequently, these factors are beyond the control of boards of education but have a major impact on financial requirements.

Third, the changing role of the school may well mean that many services that once were provided by other agencies will be delivered by the school. The delivery of health and social services may well have a financial impact on school division budgets.

Conclusion. The financial requirements at least for the next decade will not be influenced greatly by changes in enrolments. Based on current data, the consultants anticipate enrolment declines. Therefore, additional funding will not be required to meet demands created by enrolment increases.

The consultants have concluded that three major factors will influence financial requirements in the next decades. First, the service levels established by the Minister of Education on the advice of the School Finance Review Board will be the major determinant of financial requirements. Second, the results of collective bargaining, at the provincial and local levels, will impact on the funding required by both levels of government to deliver the services. Third, if governments anticipate an expanded role for the school in social and health services, the financial resources for those services will need to follow. **The significant point being made is that increased future financial requirements will result mainly from controllable factors rather than factors over which governments have little or no control.**

Apart from these major factors, the consultants have concluded that, with respect to financial resources, efforts should be concentrated primarily on improved distribution of available funds to enhance equality of opportunity and taxation equity, and restructuring of delivery systems to improve economies of scale and educational opportunities for pupils. The data reviewed by the consultants indicate that significant improvement in the delivery of services can be attained by addressing these issues. Smarter use of available resources will be realized.

PART TWO

The Governance
and Organization

of

Saskatchewan
School Divisions

INTRODUCTION

The consultants dealt with the finance issues in Part One of this report. The primary purpose of the finance section was to present definitive solutions for the consideration of Saskatchewan Education as they related to the distribution of funds, taxation, and capital funding. Thus, every effort was made to present specific recommendations to address the identified concerns.

The consultants wish to emphasize that the following discussion on the governance and organization of Saskatchewan school divisions is intended to meet a very different objective. For this section of the review, the consultants were asked, firstly, to develop the information required for a comprehensive consideration of the governance and organization issues pertaining to the delivery of educational services to Saskatchewan youth. They were also asked to develop criteria on which judgments about the restructuring of school divisions could be made. The consultants were not required, as part of the terms of reference, to develop a specific proposal on school division organization and governance, including the boundaries of a revised structure. That work remains to be done. The illustrations included in the report are intended only to show the effect of applying the proposed criteria to existing school division boundaries. Those illustrations should not be read as the consultants' proposal for school division boundaries.

In Part Two, the consultants are including a brief review of the governance and organization of Saskatchewan school divisions, the legal context of Saskatchewan education, the educational and curricular context, the changing demography of the province and the educational system, and other significant contextual changes such as native education and major reforms in education. In the final chapter, the consultants present basic conclusions, proposed objectives of restructuring school divisions, and recommendations pertaining to the restructuring of school divisions.

Finally, although this point is being made through out the report, the consultants underline the importance of linking the finance issues with the governance and organization issues. While the two sets of issues can be separated, there can be no doubt that an integrated approach to dealing with these very important matters will best serve the interests of Saskatchewan youth.

A BRIEF HISTORY OF EDUCATION IN SASKATCHEWAN

In undertaking this review of the governance and organization of schools in Saskatchewan, the consultants have accepted the advice provided by Mr. Jack Funk:

> Because centralization is an important part of the educational picture in Saskatchewan . . ., the history of a part of it becomes particularly relevant to the understanding of education in Saskatchewan at the present time. Not infrequently changes are made in the light of what appears to be currently expedient with insufficient thought being given or attention paid to what has been tried in the past. Without some knowledge of the way in which the administrative structure of the educational system has becomes what it is, no coherent attempt can be made to either analyze or change it (Funk, 1971, p. 3).

Thus, the purpose of this chapter is to provide an historical context within which the current organizational and governance structures can be described, and from which some alternatives can be identified and assessed. In addition, some of the major constraints on change are identified.

Rather than provide a chronology of events in the development of education in Saskatchewan, the descriptions in this chapter have been organized around three themes: 1) the establishment of political and governmental control of education; 2) the establishment of local jurisdictions and governance structures; and, 3) the redefinition and consolidation of local school jurisdictions. For the development of these descriptions, heavy reliance has been placed on the work of M.P. Toombs (1962) and Jack Funk (1971).

The Establishment of Political and Governmental Control of Education

By royal charter, the Hudson's Bay Company was the administrative agent for the Crown in Rupert's Land prior to 1870. In the early 1820's, reflecting the separation of church and state in education then existing in England, the Hudson's Bay Company encouraged all denominations of missions to establish schools. The Company "assisted the work of these missions by grants of money and other material aid" (Toombs, p. 48). In addition, settlements wishing to establish schools received assistance for the erection of schools or the acquisition of suitable accommodations, and received grants-in-aid.

Responding to this encouragement and financial incentive, the Roman Catholic, Anglican, Wesleyan Methodists, and Presbyterian Churches established missions and schools. These schools primarily catered to the Indian population. Formally organized districts were not established. There was no common curriculum or system of supervision: each church or, in many cases, mission established its own. Before 1870, it had become evident that the churches and the Hudson's Bay Company did not have the resources necessary to meet the educational needs of a quickly expanding population.

On November 19, 1869, Rupert's Land reverted to the Crown and, on July 15, 1870, was transferred to the Dominion of Canada. By this transfer, the responsibility for education shifted from the mission schools and the Hudson's Bay Company to the Government of Canada. Although Section 91 of *The British North America Act* of 1867 gave residual powers to the Government of Canada, the Act was amended in 1871 to give the Parliament of Canada authority to legislate for any territory not included in a province.

> 4. The Parliament of Canada may from Time to Time make Provision for the Administration, Peace, Order, and good Government of any Territory not for the Time being included in any Province (B.N.A. Act, 1871, s. 146(4)).

Thus, governance of the North-West Territories fell to the federal government and its agencies.

The North-West Territories Act, 1875, provided for the establishment of electoral districts, and the voluntary establishment of local Protestant or Catholic schools.

> When, and so soon as any system of taxation shall be adopted in any district or portion of the North-West Territories, the Lieutenant-Governor, by and with the consent of the Council or Assembly, as the case may be, shall pass all necessary ordinances in respect to education; but it shall therein be always provided, that a majority of the ratepayers of any district or portion of the North-West Territories, or any lesser portion or sub-division thereof, by whatever name the same may be known, may establish such schools therein as they may think fit, and make the necessary assessment and collection of rates therefor; and further, that the minority of ratepayers therein, whether Protestant or Roman Catholic, may establish separate schools therein, and that, in such latter case, the ratepayers establishing such Protestant or Roman Catholic separate school shall be liable only to assessments of such rates as they may impose upon themselves in respect thereof (Statutes of Canada, 38 Vict. c. 49, 1875, s. 11).

Thus, the Lieutenant-Governor and the North-West Territories Council were charged with the responsibility for education, a system of local school jurisdictions governed by trustees was anticipated, provision was made for Protestant and Catholic separate schools, and electors were defined as ratepayers.

The Saskatchewan Act, 1905, established the Province of Saskatchewan and the constitutional provisions for education in the province. While Section 17 of the act mirrored the provisions under Section 93 of the B.N.A. Act and ascribed responsibility for education to the province, specific limitations relating to separate schools and religious instructions were placed on the autonomy granted to the province.

> 17. Section 93 of *The British North America Act, 1867*, shall apply to the said province, with the substitution for paragraph (1) of the said section 93, of the following paragraph:
>
> 1. Nothing in any such law shall prejudicially effect any right or privilege with respect to separate schools which any class of

> persons have at the date of the passing of this Act, under the terms of chapters 29 and 30 of the Ordinances of the Northwest Territories, passed in the year 1901, or with respect to religious instruction in any public or separate school as provided for in the said Ordinances.
>
> 2. In the appropriation by the Legislature or distribution by the government of the province of any moneys for the support of schools organized and carried on in accordance with the said chapter 29, or any Act passed in amendment thereof or in substitution therefor, there shall be no discrimination against schools of any class described in the said chapter 29.
>
> 3. Where the expression "by law" is employed in paragraph (3) of the said section 93, it shall be held to mean the law as set out in the said chapters 29 and 30; and where the expression "at the Union" is employed, in the said paragraph (3), it shall be held to mean the date at which this Act comes into force (Statutes of Canada, 4-5 Edw. VII. c. 42). Paragraph (3) of the B.N.A. Act stated
>
> 4. Wherein any Province a system of Separate or Dissentient Schools exists by Law at the Union or is thereafter established by the Legislature of the Province, an Appeal shall lie to the Governor-General in Council from any Act or Decision of any Provincial Authority affecting any Right or Privilege of the Protestant or Roman Catholic Minority of the Queen's Subjects in relation to Education (B.N.A Act, s. 93 (3)).

Thus it was clearly established that the authority over the governance, organization and administration of education was vested in the government of the province. Further, since the religious minority has achieved the right to form separate school districts under the Ordinance of 1901, a system of local districts and governance was assured.

The Establishment of Local Jurisdictions

Given the demographic and geographic characteristics of Saskatchewan, it is easy to understand how a history of the development of local school jurisdictions would centre around the debates on the adequacy of student numbers, reasonable distances to school, and the range of services to be provided by the schools.

While *The North-West Territories Act, 1875*, envisaged a system of small school districts with local boards of trustees, and local funding, it failed to give definition to these school jurisdictions. Section 9 of the Act had the following provisions:

> When an area of one thousand square miles contained one thousand adult inhabitants, exclusive of aliens and unenfranchised Indians, that district had the right to elect a member of the territorial council. After an electoral district had been erected, the territorial government could then pass ordinances, for raising revenues for

> local and for municipal purposes, by taxation (Toombs, p. 87).

Within this electoral district, several municipalities and school districts could be formed (Statutes of Canada, 38 Vict. c.49, 1875, s. 10 and 11).

As pointed out by P.G. Laurie, editor of The Saskatchewan Herald, the volitional nature of the establishment of schools and the lack of definition for school jurisdictions had many weaknesses:

> The establishment of schools is of paramount importance in a new country, and can only be efficiently managed by properly constituted Boards acting under municipal authority . . . . The schools are opened by private parties, who assume the responsibility of paying the teacher, depending on voluntary subscriptions for the amount required, and, as is the case with most popular subscriptions, their payment falls on a few, and generally on those least interested or likely to be benefited. This could all be avoided, and greater efficiency in the schools assured, by incorporating the school boards under a suitable law (The Saskatchewan Herald, June 9, 1883).

As noted by the Deputy Minister of the Interior in his annual report for 1881, "So far the expense of paying teachers, building schoolhouses, etc., had been borne entirely by the settlers ...." In order to offer financial relief for these efforts and to foster the establishment of schools, in 1881 a grant of one-half the salary of the teacher was made available to schools meeting certain conditions, one of which was an average daily attendance of not less than fifteen pupils. *The North-West Territory School Ordinance, 1884*, was the first effort to design local school districts by geographical size and the number of ratepayers in the district.

> A Protestant or Catholic public or separate School District shall, at erection, comprise an area of not more than thirty-six square miles, its extreme limits being not more than nine miles apart and shall contain not less than four resident heads of families with a population of children of school age, that is to say, between the ages of five and sixteen, of not less than ten (N.W.T. School Ordinance, no. 5, 1884, s. 11).

However, since the population was changing so rapidly, several sections to the Ordinance had to be subsequently added:

> Any public district may be divided into two or more parts (s. 34). Any two or more public or separate school districts may be united into one public or separate school district (s. 36). The owner of land situated outside the limits of any school district, or included in a school district, may have it included in an adjoining or adjacent school district (s. 37).

Under the 1884 Ordinance, every school district was to be designated Protestant or Catholic. The public school district for the majority was to be established first, then, the separate school district for the religious minority was to be formed.

In order to improve teacher salaries and thus to promote the hiring of qualified teachers, as well as to inhibit the establishment and maintenance of low-enrolment schools, while at the same time meeting the changes in section 11 of the Ordinance, the grant provisions were modified to read "one-half the salary of the teacher, provided that the salary was at least $300 and that the school maintained an average daily attendance of at least 10 pupils."

While the structuring of the grant in 1884 was used for incentive purposes, it should be noted that in 1885 the structure was changed to include (1) the teacher's classification, (2) the number of students in average daily attendance, (3) the inspector's reports on the school's operations, (4) the number of additional teachers, and (5) the number of pupils in advanced classes. Thus, the principles of supervision by the central administration, incremental funding of multiple teacher schools, and the differential between elementary and secondary funding were introduced.

In 1885 the first provisions for centralization were made. In order to enlarge the catchment basin for the establishment of separate school districts, the boundaries of a separate school district were allowed to exceed that of a public school district.

> . . . it shall be lawful for any number of property holders resident within the limits of any public school district or within two or more adjacent public school districts or some of who are within the limits of an organized school district and other on adjacent land not included within such limits, to be erected into a Separate School District (Ordinance, 1884, s. 25).

In 1886, section 25 was revoked and the requirement for coterminous boundaries between public and separate schools was re-established.

The maximum size of a school district was reduced in 1887 to twenty five square miles with not more than five miles in breadth or length (Ordinance, 1887, no. 2, s. 16).

While the development of policies to this point had been primarily concerned with the establishment and organization of elementary schools, the Ordinance of 1888 addressed the need for high schools. Any public school with an average daily attendance of not less than sixty students, with not less than three teachers, and with not less than 15 pupils in the high school room, was authorized to establish a high school branch. For admission to the high school room, the pupils were required to have satisfactorily passed the provincial Board of Education's entrance examination. Provision was also made in section 7 of the 1888 Ordinance for the two or more school districts to establish a "Union School" with a high school branch and a joint board of trustees.

> Provided always that in any two adjacent school districts, jointly fulfilling the above requirements a "Union School" may be established in either district at the discretion and under the management of the trustees of both districts (Ordinance, 1888, s. 177).

In spite of all the legislative activity between 1875 and 1901, the establishment of local school jurisdictions remained permissive and vast areas of the province had no schools. M. P. Toombs has posited some reasons for this failure to establish local school jurisdictions:

> There were many reasons for local school boards' failure to

> function. Ignorance of the law and lack of capable men within the district; local disagreements; inability to speak the English language; apathy on the part of the residents; fear that through the organization of school districts, all language and religious privileges would disappear; lack of understanding of the responsibilities of democratic citizenship; all these factors made impossible the operation of local control in some . . . communities (Toombs, pp. 358-359).

Also, as noted by the Council of the N.W.T., the policy governing settlement hindered the establishment of school districts.

We are pleased to note the increased school organization but regret that the great majority of the settlers are unable, owing to the existence of the unsettled odd-numbered sections, to organize into school districts at all (The Council of N.W.T., Journal, 1897, p. 44).

Thus, by 1901, the governance and organizational structure of local jurisdictions had been established but the principles of a child's right to an education and the state's duty to provide that education had not.

The Ordinances of 1901 included provisions for the compulsory establishment of school districts. Section 39 empowered the minister to order the establishment of a school district in an area having twenty children of the ages five to sixteen years, and ten resident ratepayers. The district was not to exceed five miles in length or width, and was to include at least six thousand acres of assessable land (Ordinances, 1901, c.29, s. 39). In addition,the minister was granted the power

> To appoint some person to inquire into and report upon the conditions existing in any portion . . . that may not have been erected into a school district . . . and to take such action thereon as to him may seem expedient (Ordinances, 1901, s.7 (3)).

The basic provisions for local school districts and their governance were consolidated into the Ordinances of 1901. Where there were twelve children ages five to sixteen years and four resident persons liable for assessment, in an area not to exceed five miles in length or width, a school district could be established. A board of trustees, consisting of three members elected by the ratepayers of the district, was charged with the responsibility for the administration and managerial supervision of the school(s) in the district. These trustees, as a school board, had the responsibility to hire teachers, administer the schools, and to levy a rate on their ratepayers.

The trustees were to hold annual meetings at which they were to report to the parents and ratepayers on the operation of the school(s). The schools were also to be supervised by inspectors appointed by the provincial government. The reports of these inspectors were to be filed with the school board and the provincial Department of Education.

As previously noted, the Ordinances included the provisions for the Protestant and Catholic Separate Schools and religious instruction later enshrined in Clause 17 of *The Saskatchewan Act, 1905*.

Local jurisdictions were denied authority over the courses of study and the curricular materials. This centralization of curricular authority was, in large part, a product of the conflict over the organizational structures and curricular policies designed to address religious issues.

In the Ordinances of 1884 and 1885 a dual structure, similar to that of Quebec, was established under the Board of Education. The Protestant Section and the Catholic Section had "under its control and management the schools of its section," and could make such regulations as "deemed fit for their general government, and discipline, and the carrying out of the provisions of this Ordinance" (Ordinance, no. 3, 1885, s. 6). Each Section had the power to prescribe textbooks, appoint inspectors, determine the qualifications of teachers, appoint boards of examiners for teachers, and cancel teachers' certificates (Toombs, p. 113). However, the actual determination of these matters quickly moved from the Sections to the Board of Education itself. Thus, the administration of the schools was undertaken by a body consisting of two Protestants, two Catholics, and the Lieutenant-Governor. Protestants, thereby, came to establish policies for Catholic schools and Catholics for Protestant schools in a system that recognized, in principle, the appropriateness of a dual system.

In the Ordinances of 1892, a unitary system was established under a Council of Education (Ordinances, no. 22, 1892, s. 7).

> In defending this action, Sir Frederick Haultain stated:
> . . . two courses of study, two standards for teachers, two sets of inspectors, two sets of normal schools, two superintendents and government grants based on different standards . . . . Granted the right of Roman catholic inspection and Roman catholic management and control, the further necessity will arise for a Roman catholic assembly to make ordinances for the government of Roman catholic schools, and a Roman catholic lieutenant-governor to assent to such legislation, and a Roman catholic governor-general to allow the law to come into operation, on the advice of a Roman catholic council, possessing the confidence of a Roman catholic house of commons. The responsibility for the general management of our schools, for the educational policy of the Territories, and for the expenditure of the school vote is above and beyond any sectarian difference. Expenditure and control are inseparable, and so long as schools continue to receive government grants, they must be subject to government control (Sessional Papers of Canada, 1894, Vol. XXVII, No. 400). Haultain went on to state:
>
> The effect of the ordinance has not been "to deprive Roman catholic schools of that character which differentiates them from public and protestant schools." The religious complexion of the school is a domestic matter, which concerns the ratepayers establishing such schools . . . (Sessional Papers, 1894, p. 14).

Thus, the offering of religious instruction within the allowed one-half hour per day was a matter delegated to the local jurisdictions -- both Protestant and Catholic. But, the selection of textbooks, enforcement of regulations, school attendance, teacher certification, normal schools, teacher institutes, examinations, inspection of schools, and curriculum were matters left under the authority of The Council of Public Instruction (Ordinance, 1892, s. 7).

This "need" to retain centralized control over instruction in the schools was reinforced by the perceived need to assimilate foreign speaking immigrants and to address the problems created by some Mennonite groups during and after World War I.

C. A. Dawson and Eva R. Younge described the problem of assimilation in the following manner:

> In ethnically homogenous rural communities, contacts with other ethnic groups are very limited. Neighbouring families at work, at church, and at play meet their own kind and develop a community self-consciousness in terms of their own cultural backgrounds. Even at school the child mingles with children from his own ethnic group and may be taught by a teacher from that same group. All these factors have combined to retard their assimilation to the more secular aims and interests . . . . (Pioneering in the Prairie Provinces, Vol. VIII of the Canadian Frontier of Settlement Series, edited by W. A. Mackintosh and W. L. G. Joerg and cited by Toombs, p. 211).

The fact that foreign languages and religious instruction were interwoven as an issue in schools is exhibited in the following quotation of the remarks of the premier of the province, Honourable W. M. Martin, when asked about the Mennonites in 1918:

> . . . they have their private schools in which they teach nothing but the catechism and the Bible in their own language. These people are a problem . . . . In certain sections of the country adjoining the Mennonite districts are public schools, and wherever these people are within two and a half miles of a school they are required to send their children to it under the compulsory attendance law. Some have been fined in the courts for non-compliance and chose to go to jail rather than pay. We have decided to build public schools among them and have already created a number of school districts south of Swift Current and north of Saskatoon with the object of compelling their attendance (The Toronto Globe, November 27, 1918).

The basic model of centralization of authority over educational matters and decentralization of authority over administrative matters was clearly established by 1901 and in most respects applies to today's educational system in Saskatchewan.

The Redefinition and Consolidation of Local School Jurisdictions

The period from 1905 to the present can be characterized as a series of attempts to resolve the conflict between the increased needs for access to schools and expansion of programmes, and the sanctity of the small local school jurisdictions. The purposes for describing this period are to illustrate the depth and dynamics of this conflict, to list the variety of strategies undertaken to address the needs for expanded programmes and services, and to describe some of the proposals for the reorganization of school jurisdictions and governance.

The Hierarchical Solution

Even with the passing of the first legislation dealing with secondary education, it was clear that the central authority saw the need for consolidation of schools. The School Ordinance of 1888 authorized the establishment of a high school branch in a public school where the average daily attendance was not less than 60 pupils; the number of teachers was not less than five; and, fifteen or more pupils would be in regular attendance in the high school grades (Ordinances, 1888, c.59, s. 177). This obviously precluded the establishment of a high school branch in all rural and village school districts.

In the School Ordinance of 1901, each town or village district maintaining a high school room qualified for an additional grant of $75.00 per room, per term, provided "the average daily attendance . . . in such room or rooms for any such term . . . is at least twenty pupils" (Ordinances, 1901, c.31, s. 3 (4)). As pointed out by M. P. Toombs,

> The twenty pupils per room limitation was an effective check on unreasonable demands for grant payments, in the case of schools with one or two high school pupils, but such limitation was not an incentive to the gradual development of high school facilities in smaller centres (Toombs, p. 654).

With the low high school enrolment numbers and the impending development of the University of Saskatchewan, the government recognized in 1906 that major efforts had to be undertaken to increase access to secondary education. The choice was to be made between maintaining a flat organizational structure by enhancing the ability of the school districts to offer high school facilities or to establish a hierarchical structure by introducing secondary school districts. In *The Secondary Education Act, 1907*, the government chose to establish secondary education school districts with their own board of trustees.

Under *The Secondary Education Act, 1907*, any urban municipal council could, with ministerial approval, establish a high school district. The school district was to have boundaries coterminous with those of the municipality. A minimum average daily attendance of 25 pupils and the employment of at least two full-time teachers were required. If four or more teachers were employed and a higher level of equipment acquired, the high school could be recognized as a collegiate institute. Unlike a collegiate institute, a high school was allowed to enrol Grade VIII pupils. In order to make the school accessible to the rural populations, student not residing in the district could attend the high school without payment of any fees. Students from villages and towns could be charged. (Statutes of Saskatchewan, 1907, c. 25, s. 62, and "Regulations Governing High Schools and Collegiate Institutes," pp. 76-77)

In 1911, the legislation governing the establishment of high school districts was modified to include the requirement that no other high school district had been established within a distance of forty miles from the municipality. The regulations were modified to include the requirement of an average daily attendance of at least seventy-five pupils. In 1926, the attendance figure was raised to one hundred and twenty-five students.

The high school board of trustees was to be made up of five members. The trustees were elected, by popular vote under the same local election provisions and at the same time as the election of town or city councils, to office for two years with overlapping terms. Any resident ratepayer, twenty-one years of age or over, could serve as a member of the board (Statutes, 1907, c25, s. 10, 11, 12, and 13).

According to Toombs, a great deal of local autonomy was granted to the high school boards (p. 681). These boards were responsible for the acquisition of property, the maintenance and operation of facilities, all personnel functions, the suspension and expulsion of students, and "generally to do all such things not inconsistent herewith as shall promote the interest of the school" (R.S.S., c.168, s. 28).

The Act of 1907 clearly established an incentive grant structure to promote the development of these high school districts. Their grant was significantly higher than the grant made to schools organized under the School Act and having high school rooms.

With the free tuition and the differential grant, the hope was to foster the development of the urban high schools and inhibit the development of rural high school rooms. However, this type of incentive grant is, by definition, contrary to the norm of equitable treatment and the differential recognition of need. Also, in this case, the principle of equality of access to secondary education was being ignored.

As a result of political pressure from rural, village and small town school districts, in 1920 the grant was changed in such a manner as to reverse the situation: "the grant paid to school districts organized under The School Act and operating a high school or continuation rooms exceeded that which was paid to districts organized under *The Secondary Education Act*" (Funk, p. 37). Now the grant was a tool for promoting the development of a flat organization structure and a decentralized secondary education system.

In 1926, the principle of equity was applied and the grants to schools organized under *The School Act* and *The Secondary Education Act* were made the same. In 1927, the Department of Education proudly reported

> These continuation and high schools under *The School Act* receive the same rate of grant as high schools under *The Secondary Education Act*. They are to be found in practically every small town, village and rural centre and area in effect, rural high schools serving the rural communities (Dept. of Education, Annual Report, 1927, pp. 13-14).

***The Secondary Education Act, 1907*, was the last attempt at a structural solution that entailed the creation of a hierarchy of school systems until the establishment of comprehensive schools in 1964.**

Larger School Districts - The Flat Structural Solution

The alternate solution to the problems of providing access to education for all pupils and to enhance the access to a quality secondary education programme was to increase the size of the local jurisdictions and the number of students attending a school.

While *The School Ordinance* of 1897 allowed two school districts to enter into a three-year agreement for the conveyance of children from one district to the school of the other district, few districts took advantage of the provision (Ordinances of the North-West Territories, 1897, no. 5).

The School Act of 1912 allowed for the formation of "consolidated" school districts. A district of not less than 36 square miles and not more than fifty square miles, unless the minister granted permission for a larger area, could be created by a variety of methods: 1) the amalgamation of two or more smaller districts; 2) the inclusion of unorganized land into an existing small school district; and, 3) the formation of a school district in an area not organized (*The School Act, 1912*, c. 35, s. 3). *The Schools Grants Act* of 1912, by providing only consolidated school districts with the regular grant plus a grant equal to one-third of the conveyance costs, reintroduced the use of incentive grants as a mechanism to promote the establishment of larger local school jurisdictions.

While World War I and the costs of conveyance contributed to the slow acceptance of consolidated school districts, Funk has suggested that the amalgamation arrangement, whereby one school district lost its identity, failed to recognize the sanctity of the local school district and was a major cause of this slow and limited acceptance of consolidated schools (Funk, p. 44).

A change in *The School Act* in 1914 created conveying districts. The grant of one-third the actual cost of conveyance was made available to districts organized in sparsely populated areas with more than five but less than fifteen pupils, and to districts

> . . . where the number of children between the ages of seven and fourteen (were) insufficient to require the school to be kept open the trustees are required to provide for the conveyance of the children to a neighbouring school (Department of Education, Annual Report, 1914, p.8).

As noted by Mr. Jack Funk, under the system of conveying districts the school district did not lose its identity. The conveying district did not disorganize and it could withdraw from the agreement (p. 44). Thus, by 1943, 543 conveying districts had been established.

With the extension of the conveyance grant available to consolidated school districts to the conveying districts, the same effect was realized as was noted when the special grant for schools organized under the Secondary Education Act was extended to all schools. As described by J. Funk

> . . . as soon as these grants were made available to all districts, the formation of consolidated districts slowed down and the alternative of conveying districts was utilized. The conveying districts encouraged the existence of boards in districts where there was no operating school. Instead of encouraging the centralization of school administration, this movement encouraged the existence of multiple boards (p. 48).

Again, as reported by Chief Inspector Duff, "the question of justice in giving open-handed assistance to certain localities and not others . . ." and fear of the financial consequences should the experiment fail were major factors in changing the terms of the grant (Saskatchewan Archives, "Education Survey 1917-18, (3)", 622).

In 1917, Dr. H.W. Foght suggested to the Department of Education that it explore the idea of Associated Schools: a shared services model. He described the model in the following manner:

> In brief, the plan contemplated the adoption of the system of city school supervision in rural communities. The schools within eight or ten miles of town are associated with the town school for mutual benefit. The rural schools are not closed as in the case of consolidation, but on the other hand are standardized and brought

> up to the height of efficiency. The rural trustees and the town trustees unite in selecting the Superintendent and in disposing in matters of common interest . . . . Close tab can therefore be kept of the various schoolroom problems.
>
> . . . As the system is developed the Central school will add an agricultural and manual training instructor and a domestic science, art and music teacher . . . . The Specialists will have supervision of similar work in the rural schools.
>
> Liberal provincial grants are of course needed to further the plan. Consolidation will be encouraged by Association. While Consolidation is a way out of the school problem where feasible, it is rather much in the nature of a mirage at present in a sparsely settled community. Association will work immediately ("Dr. Foght, Daily Papers").

No action was taken on Dr. Foght's suggestion but over ten years later 40 rural school districts in the Kindersley-Glidden area entered into an agreement wherein they met the expenses of a shared supervisor and the Department paid her salary (Toombs, p. 611).

In 1917, the government hired Dr. Foght to conduct a study of the organization of schools. His report was completed in 1918. Foght advocated the disorganization of all existing rural school districts and the establishment of municipal school districts governed by five-member municipal boards consisting of three elected members and two members appointed by the minister. The ideal rural municipality

> . . . might well have (1) several one-teacher community schools, which should in time, as population increases, develop into large open country consolidated schools with two or more teachers; (2) one or more village centres associated with a number of outlying schools, which should develop into strong associated or union schools; and (3) one municipal high school of the agricultural type, ... The whole arrangement could be placed in charge of the municipal school board . . . . Special provincial grants should be offered as inducement to organize schools thoroughly (Dr. H. W. Foght, Survey of Education in Saskatchewan, 1918, p. 172).

This municipal plan of organization would assure unity of purpose and effective supervision of all the schools. The principal of each village centre would outline and direct the work in the outlying schools, thus "pointing" the children forward to the central school. The principal of the municipal school, again, would supervise all the schools within the municipality, he and his instructors in English, music, agriculture, home economics, and school hygiene, to take turns at supervising the work of the schools (Foght, p. 71).

> . . . outlying rural schools in a municipality should have six year courses. The pupils would then go to the central school for the next three years. The graduates from this junior high school in the central village, would then be entitled to free entrance to the municipal rural high school for their final three years (summary by Toombs, p. 691).

M.P. Toombs pointed out that had Foght's recommendations been acted upon, "the 4075 school districts in existence as at April 30, 1918, would have been replaced by 300 municipal school districts" (p. 692). Although draft legislation was written in 1919, the Saskatchewan Association of Rural Municipalities by resolution at its annual convention in 1922 endorsed the municipal school concept, and an appeal was made at the 1925 Saskatchewan School Trustees' Association convention for the implementation of the recommendations, the Report was not acted upon.

Foght's solution was to create large local school jurisdictions within which a hierarchical structure of the schools could offer the various elementary and secondary programmes. The jurisdiction was to be of sufficient size that the support services required by schools would be provided from within the local organization. With the exception of coterminous school and municipal boundaries, this solution was not achieved until the establishment of the Larger School Units in 1944.

Subsequent to the Foght Report, various attempts were made to provide access to secondary education through larger school districts established by agreements among school boards. In 1923, the School act was amended to allow a board of one district to enter into agreement with another board to educate children who had passed Grade VII (Statutes, 1923, c.39, s. 17). Parental approval was required. Another amendment in 1928 permitted boards of contiguous districts to merge into a union district. While this amendment permitted centralization of schools and for the conveyance of students, the union board was to have neither the power to equalize taxes nor to raise monies from the entire district without ratification by the ratepayers (Statutes, 1928-29, s. 7). Again, this legislation was not enacted. The formation of winter community high schools among adjacent school districts was another experiment that failed to yield an example (Toombs, pp. 712-713). While a variety of mechanisms to foster cooperation in the delivery of secondary education among jurisdictions had been conceived, none was effective. The method of financing joint ventures was a major problem.

With the onslaught of the Depression and the resultant financial disaster for school districts, Premier Anderson struck a committee to study school finances and the grant structure. In 1933, N.L. Reid, Chairman of the Committee, reported that equalization of the tax burden could only be achieved through the creation of larger school administrative units (N. L. Reid, Report of the Committee on School Finance and School Grant, 1933, pp. 35-36). A School Support System with an equalization fund was also recommended by the Committee.

> In districts where the provincial grant plus the unit grant plus the proceeds of an average rate of taxation failed to produce the required amount, the difference would be paid from the equalization fund. In our opinion, this fund should be provided through a public education tax which, unlike public revenue tax, should be a tax on income as well as on real property (Saskatchewan Archives, "Miscellaneous Administration, File 38").

Since the Reid Report did not provide an acceptable solution to a continuing problem, in 1936, the Jacoby Commission was struck and given the task of inquiring into provincial and municipal taxation. This Commission came to the following conclusion about schools:

> The present rural district is frequently stated to be too small for efficient administration, and it is urged that consolidated schools with conveyance of pupils to larger centres, . . . should be provided.
>
> The Commission does not deny the possibility that such changes might represent a technical advance from the standpoint of educational standards. Yet they would likewise deprive local communities of all, or a large part of the responsibility of school management. The Commission believes that the people of Saskatchewan do not at present generally desire a change in the method of school management. The present system of administration may not represent the ultimate in efficiency, but it conforms to the political desires of the people. Responsibility for local administration of schools is a training ground for democratic government -- and the democratic way is not necessarily the cheapest way. The Commission therefore refrains from making any recommendation for present change in the system of school administration (N. H. Jacoby, Report of the Commission of Inquiry into Provincial and Municipal Taxation, 1936, p. 80).

The Commission's solution to the problems faced by local school districts was increased funding from, primarily, two sources: 1) increased moneys raised at the local and federal levels; and, 2) the imposition of a provincial public consumption tax. As a result, the Education Tax was introduced in 1937 (Statutes, 1937, c. 9). As pointed out by Toombs, "While this Act provided greater revenues for the government, it did not solve the inadequacies of the small district system " (Toombs, p. 720).

In order to address "these inadequacies of the small district system," the Martin Committee was established in 1938. Having reviewed the pros and cons of larger school units elsewhere, the Committee put the question of establishing larger school units to a vote at the annual school meetings across the province. Over 94 percent of the attending ratepayers voted against the establishment of such units. Toombs noted that there was a fear that the government was trying to take local rights away from the trustees of the local school district (p. 723). As a result, the following was the final recommendation of the Committee:

> While the Committee is not prepared to recommend the formation and operation of experimental units without the approval of the ratepayers concerned, it is of the opinion that several areas of the Province should be selected and the ratepayers resident therein given an opportunity to decide whether or not the schools in the selected areas are subjected to a larger unit administration (W. M. Martin, Report of the Committee on School Administration, 1939, p. 57).

Acting on this recommendation, *The School Divisions Act* was passed in 1940 (Statutes, 1940, c. 76). The establishment of larger school districts was allowed on a trial basis if endorsed by the ratepayers. Another experiment with no manifest example was created.

Funk described this period from 1905 to 1944 as a period of trial and error.

> Many administrative schemes were proposed and attempted to

> **promote centralization. All of these schemes failed in part or totally because of the social, political or economic conditions of the time. The local boards were content to remain in their small districts where they could reign supreme. The government of the province did not want to antagonize these people by giving them something they did not want (pp. 73-74).**

The Larger School Units Act, 1944

In 1944, the Canadian Commonwealth Federation Party, the C.C.F., pledged that, if elected, it would implement the organization of larger school units (L.S.U.): it was and it did. With the dislocation of communities caused by W.W. II, the severe shortage of teachers, the new curriculum stressing vocational education, and the continuing educational service and financial problems encountered by small jurisdictions, it appeared that the public was ready to accept such a change. As stated by Funk:

> It appears as though the people were waiting for someone to make up their minds for them. They were resigning themselves to the inevitable but they reserved the right to criticize and complain about the ill-effects (p. 76).

The Larger School Units Act **empowered the Minister of Education to establish units in areas including approximately 80 school districts (2,000 square miles) employing approximately 80 teachers (an average of 2,000 students)** (Statutes, 1944, c.41, s. 3; and, "Rural Education," Royal Commission on Agriculture and Rural Life, 1956, pp. 100-101). Initially, only rural and village districts were to be included, but in 1947, by agreement, a L.S.U. could include a high school district. All town districts with a population of under 2,000 people would be included in new L.S.U.s as they were established and these town districts could amalgamate with existing L.S.U.s: consolidated and separate school districts could also be included (Statutes, 1947, c. 60, s.6).

While under the 1944 legislation the Minister could unilaterally establish a L.S.U., an amendment was passed in 1945 that allowed for a petition of at least 20 percent of the local ratepayers, within 30 days of the announced establishment of a unit, to submit the question to a vote (Statutes, 1945, c. 57, s. 2). The original legislation only made provision for the disestablishment of a L.S.U. -- within six months after the fifth anniversary of the establishment of a unit, a petition by at least 15 percent of the resident ratepayers calling for a vote on the disestablishment, would result in such a vote being taken.

The Unit Board was to consist of a member elected from each subunit with a provision for two members from a town district (Statute, 1944, s. 12) and for the creation of a subunit "consisting of one or more Indian reserves . . . ." (s. 7). The term of office was three years (s. 50)

The Unit Board was to be the fiscally responsible board charged with the duty "to administer and manage the educational affairs of each school district in the unit and to exercise a general supervision and control over the schools of the unit" (s. 81). The Unit Board had the powers and responsibilities assigned to school boards under *The School Act* and *The School Attendance Act*.

While the school districts within a unit were not disestablished, the District Board was divested of the powers assigned to boards under *The School Act* and *The School Attendance Act* (s. 77). While the district board could nominate a teacher for employment in their district and make other recommendations to the unit board, only the authority over language of instruction and religious instruction invested in local boards in the Ordinance of 1901 and incorporated into *The School Act* were retained (s. 80).

A superintendent of schools was to be appointed by the Minister to each unit. The role assigned to the superintendent was enunciated in the following manner:

> The superintendent shall exercise general supervision over all the schools and teachers in the unit and over the work of the secretary-treasurer and office of the unit board. He shall confer with the unit board in matters pertaining to education in the unit and shall advise the board thereon, and shall attend all meetings of the unit board (Statute, 1944, c. 41, s. 124).

Amendments to the Act and Regulations resulted in Unit Boards being able to hire their own superintendent and to designate the superintendent as the Chief Executive Officer of the board (s. 124, and Regulations, clause 3).

Boundaries

The purposes of the Larger School Unit were described by the Royal Commission on Agriculture and Rural Life as the following:

> The ideal size of a larger unit of administration has been expressed as that which has the pupils and resources to offer a comprehensive program of education from kindergarten through high school and to provide for post high school and adult education at unit cost; is able to maintain competent staff; and can finance without undue tax burden. In addition, the size should be that in which ratepayers can effectively participate in program planning and policy making ("Rural Education," pp. 106-107).

The initial larger school unit map was drawn on the basis of the following parameters:

> 1) Inclusion of approximately 80 districts, whether operating or not;
> 2) Inclusion of a reasonable administrative area;
> 3) Consideration of natural barriers, such as the Qu'Appelle and Saskatchewan Rivers;
> 4) Consideration of the location of existing railways and highways . . . . the Department of Education attempted wherever possible to take into account special interests and local wishes in the definition of boundaries ("Rural Education," p. 103).

The Department of Education had stated that the size requirements were as follows:

> 1) The size should permit the development of regional high

schools of four rooms or more.

2) There should be maximum opportunity for the development of composite high schools.
3) There should be a maximum travelling time to school of one hour for elementary school students and one and one-half hours for high school students.
4) an average pupil load of 1,800 to 2,000 and an average number of teachers from 70 to 80 should be achieved from the standpoint of supervisory and administrative load (Local Government Continuing Committee, Local Government in Saskatchewan, 1961, p. 31).

The draft map was then circulated among the provincial superintendents and other interested parties for their study and assessment. The map was altered to conform with their suggestions, though later being modified to include 60 and not 66 units.

No attempt was made to have the school unit boundaries conform to other boundaries.

When the Royal Commission on Agriculture and Rural Life conducted its study in the early 1950's, they found great variation among the units in the number of districts, number of pupils, and total assessment. These differences have been illustrated in Table E-1.

Table E-1

Comparison of Size of Selected Larger School Units in Saskatchewan, 1951*

School Unit Number	Number of School Districts		Number of Students	1951 Assessment
	Total	Operating		
34	82	34	1,159	14,539,468
8	89	40	688	8,341,746
31	96	48	911	11,841,168
26	68	68	2,009	6,698,223
6	121	69	1,528	19,039,342
32	109	76	1,728	14,852,699
22	122	85	1,492	23,559,083
63	98	90	2,919	8,160,387
46	98	96	3,684	13,410,322

Source: "Rural Education", Royal Commission on Agriculture and Rural Life (p. 106)

The Larger School Unit has continued as the basic unit of school administration in rural Saskatchewan.

The County System

With the establishment of the Larger School Units, the government held the opinion that it needed proposals on the reorganization of local government areas and on the changes in the form of the local government. Thus, in 1952, the Royal Commission on Agriculture and Rural Life was established under the chairmanship of W. B. Baker. When the Royal Commission reported in 1955, they posited two proposals: 1) the establishment of coterminous boundaries for municipal and school units which would require major enlargement of the municipal unit and "some revisions to present boundaries of school units," and 2) the establishment of a county system of local government ("Rural Education," p. 128).

The choice was to be made between a modified county system and a county system. Under the modified county system, there would have been two governing bodies: one to handle municipal affairs and the other to handle school affairs. Under the county system, there would be one county council with the schools administered by a committee of the council.

Upon receipt of the report of the Royal Commission, in 1956 the government established the Local Government Continuing Committee. When this Committee reported in 1961, its recommendations, not surprisingly, paralleled those of the Royal Commission. The steps to be taken in establishing the county system were to be 1) establish the coterminous boundaries, 2) by a vote of the electors, establish either a county or modified county organization, 3) reorganize the school administration in each area, and 4) five years after the reorganization have a second vote on the county or modified county structure (Local Government Continuing Committee, Local Government in Saskatchewan, 1961, pp. 107-108).

The Local Government Continuing Committee's proposal called for the establishment of 66 counties with an average area of 47.3 townships and an average population of 9,044 people. The average county would have encompassed 91 school rooms and 2,024 students (Boundary Proposals for Local Government in Saskatchewan, 1961, p. 1).

Under the county structure, the education committee was to be made up of three county council members. Under the modified county structure, the school board was to be similar to that provided for under the Larger School Unit Act.

In making its recommendations, the Local Government Continuing Committee held that, if local government was to continue to play a significant role, the solution to the problems faced by these governments must:

> 1) Increase the capability of local government to provide services effectively;
> 2) Extend local autonomy;
> 3) Restore local responsibilities; and,
> 4) Create a framework of provincial-local relations which will contribute to decentralization and at the same time protect the province's legitimate interests in the performance of local government (Local Government in Saskatchewan, p. 6).

The Committee noted the real danger of losing some of our democratic values as services are expanded and made universally available. In making its proposal, the Committee reaffirmed its belief in the following values that accrue to people through a "healthy and responsible local government system":

> 1) Local government provides a way in which political power can be dispersed. It thus provides a useful antidote to the modern tendency towards large concentration of power in central governments.
> 2) In the framework of local government, those who wield political power have direct, day-to-day accountability.
> 3) Local government provides opportunity for widespread participation in public life.
> 4) Effective local government, by assuming responsibility for local problems, can improve the effectiveness of senior governments.
> 5) Local governments provide a means whereby localized traditions or other factors can be taken into account in implementing public policies.
> 6) Local governments ordinarily do not develop the administrative complexity and inflexibility inherent in large organizations. Thus, they are not only more accessible to their constituents; they are also more approachable (p. 57).

Among the advantages seen in the larger county structure were the following:

> - It provides units with comprehensive responsibility;
> - It provides units with a large enough resource and program base to fulfill requirements for capable government;
> - It holds the best promise for the development of good working relations between units and the provincial government;
> - The administrative structure should provide for the fullest possible use of professional and administrative skills;
> - Provision should be made for active citizen participation (pp. 55-56).

Given that the implementation of the county proposals was contingent upon municipal government reform and the abolition of the nine-township rural municipalities, no action was taken on the Royal Commission and Continuing Committee reports. The proposals for the establishment of a modified county or county system were dropped from any further political or educational agenda.

Comprehensive Schools, 1964

The need for improved delivery of secondary education continued to drive the search for an organizational solution. While *The Agricultural Instruction Act, 1913*, and *The Technical Education Act, 1919*, were designed to expand secondary education programs in regular high schools, *The Vocational Education Act, 1931*, was designed to foster the development of technical schools. Three such schools were established: one in each of Regina, Moose Jaw and Saskatoon. *The Vocational Training Coordination Act* of 1942, with the provision for 50/50 cost sharing between the federal and provincial governments for vocational education, and the Vocational Schools' Assistance Agreements, with their provisions for funding itinerant instructors and other mechanisms for extending the availability of vocational programs, promoted the development of composite schools within school districts and larger school units. By 1960, 60 such schools had been established. However, with the adoption of the Division IV program in 1964, again it became quite apparent that the composite and other high schools were too small to deliver a complete program. With the infusion of federal funds, the establishment of comprehensive high schools was initiated.

The new Division IV program was to have five major sections:

> 1) A three year matriculation course for university bound students requiring a grade 12 matriculation standing.
> 2) A three year technical preparatory course.
> 3) A four year combined university technical institute preparatory course.
> 4) An occupational preparatory course.
> 5) An adult high school course (Funk, p. 87).

Before a school could offer a full program, the Department of Education estimated that an enrolment of at least 600 students in Grades X to XII would be required (J. Funk, "Division System in Saskatchewan," unpublished paper, 1968, p. 10).

Since only the largest school jurisdictions were assured of such numbers of students, most comprehensive schools were established under the "agreement" and "joint board" provisions of the School Act.

> 118. . . . the board of every district . . . shall have power:
>
> 10. to enter into an agreement with the board of a school unit organized under *The Larger School Units Act*, or with the board of a high school district organized under *The Secondary Education Act*, or with the board of another school district or with the Government of Canada or the province, for the purpose of providing elementary, high school, vocational or technical instruction . . . .
>
> 10A. where deemed expedient for the purpose of administering the affairs of a school to be operated under the terms of an agreement under paragraph 10, to establish jointly with the other party or parties to the agreement a board of management, to be called a joint board, to which, with the approval of the minister, may be delegated such duties and authority as agreed upon by the parties to the agreement (The School Act, s. 118).

These "joint boards" had as their members representatives from each of the boards entering into the agreement. In most cases, it was the board of an urban centre that entered into an agreement with the surrounding larger school unit(s) for the establishment of the comprehensive school and for the conveyance of students. Finally, in 1964, through the establishment of the comprehensive schools, the hierarchical solution sought under *The Secondary Education Act, 1907*, was being partially achieved.

Also in 1964, changes were made in the appropriate legislation to allow for the dissolution of high school districts and the establishment of urban K-12 public and separate school districts.

Figure E-1

Chronology of Major Events in the History of Saskatchewan Education Governance

1870	Administration of Dominion of Canada
1875	*The North-West Territories Act* permits voluntary establishment of schools
1884	Districts were to be designated Protestant or Catholic
1901	Ordinance establishes right to Separate schools Schools become compulsory
1905	*The Saskatchewan Act* - retains features of existing system
1907	Permissive legislation for high school districts
1912	Consolidated school districts permitted Maximum size was 50 square miles
1918	Foght Report proposes reduction in number of school districts from 4075 to 300; no action taken
1936	Jacoby Commission resulted in improved funding
1938	Martin Commission sought public opinion on larger school districts - 94% opposed; proposed voluntary consol.
1940	*The School Divisions Act* - consolidation with consent of the ratepayers; no actions
1944	*The Larger School Units Act* - permitted school units to include 80 districts, 2000 square miles and 2000 pupils
1955	Baker Commission proposed county system
1961	Local Government Continuing Committee proposed the establishment of 66 counties - no action taken
1964	Comprehensive schools established
1978	*The Education Act* maintained the same governance structure
1990	Langlois-Scharf review of finance and governance

Thus, by 1964, the basic parameters of the current organization of school in the Province of Saskatchewan had been established.

Summary and Conclusions

The historical context from which lessons are to be drawn and within which the recommendations from this study must be put includes the following:

1) Constitutional responsibility for education rests with the provincial government. While the provincial government has promoted the delivery of education by establishing local school jurisdictions, these local school boards are creatures of the provincial government and the province has the ultimate responsibility for the performance of the local governments and for meeting the obligations of the state.

2) A religious minority, be it Protestant or Catholic, has achieved the right to form and operate a separate school district.

3) In the division of responsibilities between the provincial government and the boards of education, the provincial government has retained a high level of control over educational policy and administrative matters, and has decentralized management decisions to the local jurisdictions. The province's concern that there be universal access to a uniform minimum standard of education has centralized the decision making on curricula, textbooks and reference materials, teacher certification and training, and assessment of student achievement. The boards of education were to manage the schools within the parameters established under the legislation and regulations. Language of instruction and religious instruction were to be determined locally but within the delimitations established by the provincial government and in accordance with the rights established under the Ordinance of 1901 and confirmed in the Saskatchewan Act of 1905.

4) While the establishment of schools and school attendance was initially volitional, the passing of compulsory attendance laws made the establishment of schools and the provision of educational services mandatory. The principles of a child's right to an education and the state's duty to provide this education were established. In the financing of schools, responsibility shifted from a purely local matter to a shared obligation of the provincial government and the local school district. However, school boards retained their autonomy in establishing the level of the locally raised revenue.

5) The desires to expand educational services and to increase access to educational programs have fostered the need to consolidate schools and school jurisdictions. In particular, access to and enhancement of secondary education have been major objectives in the various moves to consolidate and centralize schools and school jurisdictions.

6) Incentive grants were frequently used to promote changes in the organizational structure of education, but, with the exception of federal grants, had little lasting effect and almost always gave way to merely becoming increased funding for all jurisdictions.

7) The brake on the process of consolidation has been the sanctity with which the people held their local governments. Not until the local system was nearly dysfunctional did

any major changes occur and, even then, such changes were imposed by the provincial government. Attempts to establish a hierarchy of school jurisdictions offering educational services limited to certain grade ranges were rejected. Full-service jurisdictions were preferred and hierarchical and shared-service arrangements were only made through agreements among these local jurisdictions.

8) Proposals for county, modified county, and municipal schools were never acted on. The desire to keep consideration of educational matters separate from other local considerations and the need to redefine the local municipal jurisdictions in order to implement these proposals prevented acceptance of these proposals for larger school jurisdictions and integrated local educational and municipal services.

THE CHANGING CONTEXT OF SASKATCHEWAN EDUCATION

In the historical review, it has been shown that there were many interacting factors that affected the nature of Saskatchewan education. The purposes of this chapter are to describe the current context within which schools are operating, and to identify and describe the factors that are shaping and will continue to shape the governance and organization of our K-12 education system. The descriptions will be presented under the following headings: 1) The Legal Context of Saskatchewan Education, 2) The Educational and Curricular Mandate of Education, 3) The Changing Demography of the Province and the Education System, and 4) Other Significant Factors.

The Legal Context of Saskatchewan Education

In order to present a picture of the legal mandate of elementary and secondary public education and the governance and organizational structures for the delivery of this education in Saskatchewan, a veritable mosaic of statutes, regulations and judicial decisions must be pieced together. Two major pieces of this legal mosaic are the provincial statutes and regulations, and *The Constitution Act, 1982*.

Provincial Statutes and Regulations

The principal legal parameters defining the mandate and organization of our current K-12 education system are contained in *The Saskatchewan Human Rights Code* (Statute, c. S-24.1), *The Education Act* (R.S.S., c. E-0.1), and *The Local Government Elections Act* (R.S.S., c. L-30.1).

The Saskatchewan Human Rights Code. Only Quebec and Saskatchewan have seen education as a fundamental human right and have enshrined the right in statute. In *The Saskatchewan Human Rights Code*, the right and protection of the right against discrimination have been stated as follows:

> 13.(1) Every person and every class of person shall enjoy the right to education in any school, college, university or other institution or place of learning, vocational training or apprenticeship without discrimination because of his or their race, creed, religion, colour, sex, marital status, disability, nationality, ancestry or place of origin.
>
> (2) Nothing in subsection (1) prevents a school, college, university or other institution or place of learning from following a restrictive policy with respect to enrolment on the basis of sex, creed, religion or disability, where it enrols persons of a particular sex, creed or religion exclusively, or is conducted by a religious order or society, or where it enrols persons who are disabled (1979, c. S-24.1, s. 13; 1989, c.23, s.9).

This section affirms the philosophical premise that education is a fundamental human right. However, it should be noted that subsection (2) of the clause allows for special facilities for the disabled.

The Education Act. *The Education Act* contains the major statutory provision for K-12 education in the province. The major parameters contained therein are briefly presented below.

The Child's Right to a Free and Appropriate Education. The premises have been established under section 144 of the Act that a child has right of access to public elementary and secondary schools and that this right of access should be independent of the financial ability of the child or the family to purchase such access or services.

> 144(1) . . . except as otherwise provided in this Act, every person between the ages of six and 21 years shall have the right to attend school in the division in which he or his parents or guardian are residents, and to receive instruction appropriate to his age and level of educational achievement in courses of instruction approved by the board of education in the school or schools of the division or, . . . institutions outside the division with which arrangements have been made by the board to provide certain services to pupils of the division.
>
> (2) Except as otherwise provided in this Act, the educational services mentioned in subsection (1) are to be provided at the cost of the school division . . . .

With this right to an education, there are corresponding duties. The pupil has the duty to attend school regularly (s. 149(a); and, s. 157(1)). The parent or guardian are to "take all steps . . . necessary to ensure regular attendance of the pupil" (s. 155(1)). The principal shall report absences of over four days, "habitual tardiness and avoidable irregular attendance" (s. 162). While a parent or guardian may be fined $100 and required to post a bond of $200 for neglecting "to discharge his duty and responsibility"(s. 155(2,3)), the school officials could lose their positions for depriving a child of his right to an education:

> 143(1) Subject to sections 153, 154 and 156, no teacher, trustee, director, superintendent or other school official shall in any way deprive, or attempt to deprive, a pupil of access to, or the advantage of, the educational services approved and provided by the board of education.
>
> > (2) Where any of the persons mentioned in subsection (1) violates the provisions of that subsection, he shall be disqualified from holding his office or position (s. 143(1,2)).

While the person has a right to public education in the K-12 system while their age is six to 21 years, the compulsory school age "means having attained the age of seven years but not having attained the age of 16 years" (s. 2(q)).

Thus, the child has a right to attend school at the cost of the school division and others have the duty to ensure that the right is exercised. While the Act provides for exceptions to compulsory attendance and makes provisions for removing the right to attend school, the weight of the provisions is on the side of the right to an education.

Appropriate education. Since the child has the right to "receive instruction appropriate to his age and level of educational achievement" (s. 144(1), the school board has the corresponding duty to offer "the basic program of studies and the courses of study in a school" (s. 91(j); and, s. 176(1).

> 178(1) Every pupil shall be provided, insofar as is practicable within the policies and programs authorized by the board of education, with a program of instruction consistent with his educational needs and abilities . . . .
>
> 184(1) . . . "pupils with a disability" includes a pupil who . . . is deemed to be unable to participate at an optimum level in the benefits of the ordinary program of the school by reason of personal limitations attributable to physical, mental, behavioral or communication disorders.
>
> (2) Subject to the regulations, a board of education shall provide educational services on behalf of pupils with disabilities, but:
>
> > (a) . . . no . . . exclusion shall deprive a pupil of access to alternative educational services provided by boards of education to pupils with disabilities under this section: and,
> >
> > (b) where, upon investigation by and in the opinion of the director or superintendent, a pupil is so seriously disabled as to be unable to benefit from any of the instructional services provided by the board, the board shall . . . make available any of its consultant services that may be of assistance and clarify and arrange other services appropriate to the needs and circumstances of the pupil.
>
> (3) A board of education may discharge its responsibilities under subsection (2) by providing such services within the school or in other facilities in its control or by entering into agreements with another board of education, agency, institution or person to make those services available.

Under the interpretation section of *The Saskatchewan Human Rights Code*, "disability" has been defined in the following manner:

> 2(d.1)
>
> (i) any degree of physical disability, infirmity, malformation or disfigurement that is caused by bodily injury, birth defect or illness and, without limiting the generality of the foregoing, includes:
>
> (A) epilepsy;
> (B) any degree of paralysis;
> (C) amputation;
> (D) lack of physical co-ordination;
> (E) blindness or visual impediment;

> (F) deafness or hearing impediment;
> (G) muteness or speech impediment; or
> (H) physical reliance on a guide dog, wheelchair or other remedial appliance or device; or
>
> (ii) any of:
> (A) a condition of mental retardation or impairment;
> (B) a learning disability or a dysfunction in one or more of the processes involved in the comprehension or use of symbols or spoken language; or
> (C) a mental disorder;

Thus, students with "physical, mental, behavioral or communications disorders" also have a right to an education appropriate "to their needs and circumstances."

The State's Right and Duty to Provide the Education. By holding the belief that a democracy operates best when it has an educated and informed citizenry, and out of the basic need to educate its youth so that they contribute to and do not become an excessive burden on society, the state has legitimate and compelling interests in the universal education of its citizens (Dickinson and MacKay, 1989, pp. 75-76).

The Saskatchewan Act charged the provincial government with the responsibility for education (s. 17). Under section 8.1 of *The Education Act*, ministerial responsibility for education is established:

> 8.1 The minister is responsible for all matters not by law assigned to any other minister, department, branch or agency of the Government of Saskatchewan relating to elementary, secondary and post-secondary education.

The powers of the minister are specified in sections 9 and 10 of *The Education Act*. They include the power to approve courses of study and curriculum guides and to prescribe the subjects of instruction for all schools; to publish and disseminate information on the goals, objectives and educational plans for the educational system of the province; to approve and provide textbooks and other materials for use by pupils and teachers in the schools; to make regulations for the training, classification and certification of teachers; to appoint persons to inquire into any matter relating to education in a school division and to make decisions binding on all parties; to appoint an official trustee of a school division; and to appoint a superintendent for any area and prescribe the powers and duties of the incumbent.

Of particular interest to this study are the powers of the minister as they relate to the establishment of school divisions and the drawing of boundaries. Subject to the approval of the Lieutenant Governor in Council, section 20(1) of the Act grants the minister the authority to establish or disestablish a public school division:

> 20(1) Where he considers it in the interests of education to do so, the minister may, with the approval of the Lieutenant Governor in Council, by order published in the Gazette, establish a school division consisting of all or any part of one or more existing school divisions or of any other portion of the province not

> included in an established school division.
>
> 31(1) Subject to subsection (2), the minister may by order, notice of which shall be published in the Gazette, declare that on and after a day specified therein a school division shall be disestablished.

However, under section 20(2), separate school divisions can only be established in accordance with the procedures outlined under sections 22 and 23.

Although he may wish to refer the matter to the Educational Boundaries Commission (s. 15), the minister has the power to alter school division boundaries. This power is also delimited to actions related to public school divisions.

> 10(1)(m) notwithstanding any other provision of this Act where he considers it advisable and in the interests of education to do so, by order, alter the boundaries of any school division that is not a separate school division . . .

Thus, the minister, in conjunction with the Lieutenant Governor in Council, has the authority to establish public school divisions and to determine their boundaries. Separate school divisions appear to be protected from any unilateral action.

The local governance unit for the actual delivery of the educational services and programs is the board of education of the school division. These school boards are creatures of the statutes of the province and have only those powers expressly given to them by these statutes and regulations.

Section 20 of the Act empowers the minister to establish public school division and, under special circumstances, separate school divisions. Section 91 enunciates the duty of boards of education to provide programs and services. While the boards of education have the duty to ensure that the students have access to education and normally provide the services from within their local jurisdiction, they can enter into agreements with other school jurisdictions and agencies "for any purpose considered necessary and advantageous to the quality and efficiency of educational and related services available to the pupils of the division" (s. 92(b)(v)); and s. 183(2)). Although the board of education enters into such an agreement, even in the case of special education students, the board retains the obligation to ensure the child's access to a free and appropriate education:

> 184(6) . . . a school division that has entered into an agreement pursuant to subsection (3) with another board of education, agency, institution or person to make educational services available to pupils with disabilities maintains responsibility for those pupils for so long as the parents or guardians of the pupils remain residents of the school division that entered into the agreement.

Thus, a flat-system of organization is assumed in the Act: it is the duty of the local school jurisdiction to provide all educational services for students whose parents or guardians are resident in the school division.

Local Democratic Governance of Education. In section 18(1) of *The Education Act*, the school division is identified as the "unit for local governance of schools":

> 18(1) A school division shall consist of any portion of Saskatchewan which is designated under this Act to be the unit for local governance of schools and for the provision and administration of educational services in those schools.

Lay democratic control of education. A board of education "consisting of no fewer than five and no more than ten members" is to be the locally-elected lay board responsible for the governance of the schools within the division (s. 32). Every Canadian citizen, 18 years-of-age or older and resident in the school division for at least three months and the province for six months, qualifies as an elector (The Local Government Elections Act, s. 23(1)). Candidates for office must meet the qualifications for electors plus the additional qualification of not being employed by the board to which the person is seeking office, or by a joint board if seeking office on a board party to the agreement establishing the joint board (The Local Government Elections Act, s. 27(1-3)).

It is important to note that parents and guardians of children receiving their education in another school division, be it through agreement between boards of education or through their own choice, do not normally have the right to vote in the election of board members in the other jurisdiction. The criterion is residency and not that of being a client of the services rendered. Thus, through such agreements, the parents or guardians are not represented on the governing board of education delivering the service to their children.

In school divisions with sub-divisions, the members of the board of education are to be elected from each sub-division; however, if the division is not divided into sub-divisions, the members are elected at large (The Education Act, s. 27(2.1)(c)(d)). In section 27(2), of *The Education Act*, special provision is made for the creation of a sub-division consisting of one or more Indian Reserves and for the membership from this sub-division of one member on the board of education.

The general duties and powers of boards of education are stated in sections 91 and 92 of *The Education Act*. Among the duties of the board of education are the following:

> 91. A board of education shall:
> (a) administer and manage the educational affairs of the school division . . .;
> (b) exercise general supervision and control over the schools in the division . . .;
> (c) . . . approve administration procedures . . . ;
> (d) provide and maintain school accommodation, equipment and facilities considered necessary and adequate for the educational programs and instructional services approved by the board for each of its schools;
> (e) appoint and employ . . . teachers . . . , principals and other assistants . . . ;
> (g) determine what school any of the children . . . shall attend;

(h) determine what classrooms and schools shall be maintained in operation . . . ;
(i) . . . define the boundaries of school districts . . .;
(j) subject to the regulations, authorize and approve the courses of instruction which shall constitute the instructional program of each school in the division;
(k) . . . furnish transportation;
(l) . . . provide programs of instruction . . . at the cost of the division and at reasonable convenience to the pupils;
(n) suspend or expel pupils for cause . . . .

The permissive powers of the board of education include the following:

92. A board of education may:
(a) employ, or retain the services of, . . . ancillary personnel . . . ;
(b)(c) enter into agreements . . . ;
(d) furnish education services and food services at a nominal cost to pupils . . . ;
(e) . . . approve textbooks, reference books and library materials . . . ;
(j) . . . dispose of or lease property . . . ;
(m) consider and determine policy with respect to services expressly approved or requested by a board of trustees or local school advisory committee;
(n) grant leave of absence . . . ;
(o) provide scholarships . . . ;
(q) pay . . . the employer's contribution to an approved pension plan . . . ;
(u) close any school or part thereof or discontinue one or more of the grades or years taught in a school . . . .

The above rather sweeping list of duties and powers of boards of education attest to the principle of lay control of public education. However, as noted above, these duties and powers ascribed to the local jurisdictions are circumscribed, particularly in educational matters, by the powers reserved by and for the minister and the government of the province.

In order to sustain the sensitivity of the boards of education to the local needs of their clients and schools, provision has been made in *The Education Act* for the establishment of boards of trustees of school districts and local school advisory committees. In a school division which does not include a city, the attendance area of any operating school, or schools in the same municipality, shall constitute a school district (s. 120(1)). Each school district shall have a **board of trustees**. In school divisions where school districts are not required, the board of education may establish a **local school advisory committee**.

A board of trustees shall consist of from three to nine members: the number being determined by the board of education (s. 123(1)). The board of trustees may appoint one or more additional members from school districts sending pupils to schools in its area, and the Band Council of an Indian Reserve may appoint a member to a board in a school district from which that Reserve receives instructional services (s. 124(1 and 1.1)). The number of appointed members and the conditions under which they are appointed are determined by the board of education (s. 124(2)). These boards of trustees are to serve as communication channels between their constituents and the school (s. 136(a)(b)), to advise the board of education on matters of interest to the school district (ss. (c)), and to make recommendations to the board of trustees. Other than making recommendations on the language of instruction and approving religious instruction in the school(s) of the district, most of the activities to be undertaken by the board of trustees are delegated by the board of education (s. 136(d)(j)).

While the boards of trustees have some statutory duties and powers, in most respects the local school advisory committees are very much the creatures of the boards of education. The board of education may establish a committee for each school, a combination of schools, or one for all schools in the division (s. 137(1)). The board of education establishes the conditions under which the local advisory committee(s) may be established, the composition of the committee(s), and their terms of reference (s. 137(2)). While the local school advisory committee shall act in an "advisory capacity to the board," its other duties are permissive and "subject to the approval of the board" (s. 142).

Thus, while there is a level of school governance below that of the fiscally responsible boards of education, the duties and powers of this level are mainly delegated by the boards of education. **Only in the case of religious instruction do the boards of trustees have authority independent of the boards of education: this is a right achieved under the Ordinance of 1901 and retained in section 17 of *The Education Act*.**

Accountability. The election of board members provides for a form of democratic accountability and *The Education Act* contains several other accountability devices and procedures.

Section 10 of the Act empowers the minister to inquire into any matter "relating to the condition and development of education in a school division," to order a final and binding decision on most matters in dispute, and, if necessary, to appoint an official trustee of a school division to assume the powers of the board of education (s. 10(1)). So that the minister can be informed on matters in the school divisions, the boards of education and school officials have the duty to prepare such reports and provide such information as "required from time to time by the minister" (s. 91(u)). Thus, school boards and school officials are accountable to the minister of education.

By requiring the activities of the board to be visible and by providing formal opportunity for the public to review these activities, the boards and their officials can be held accountable to their constituents. The Act requires that every meeting of a board of education be open to the public (s. 87). The board must keep complete and accurate records of its proceedings and transactions (s. 91(q)), and make the minutes of the board and other documents available for "inspection by any person" (s. 109). The Act also requires that the board of education prepare an administrative manual including

> (a) a statement of the policies adopted, approved or authorized by the board with respect to the educational objectives, program development, provision of educational services and for the general supervision and efficient management of the educational affairs of the division; and

> (b) a definition of the administrative organization adopted by the board for the purposes of the administration and supervision of its education and financial policies (s. 104).

Through the mechanism of a required annual meeting of electors, the public has an opportunity to receive the annual report of the board of education and to query the trustees, secretary-treasurer and director of education. The annual report must be circulated, at least among the boards of trustees or local school advisory committees, and include a statement on the educational developments during the year under review, the auditor' report and the financial statement, and the report of the director of education on the progress of the schools during the year (sec. 101, ss. 4). The chairman of the meeting

> shall entertain full discussion thereof, including resolutions, exchange of information and views on educational plans and policies and questions concerning the reports . . . (s. 101(6)).

If dissatisfied with the activities of the board, several remedies are available to the electors. By a written request signed by 25 or more electors, a special meeting of the electors of the division can be called to address specified matters (s. 102(2)). If five or more electors believe a board member is unfit to hold office, they may submit affidavits and a request for a court order to a judge of the Court of Queen's Bench to have the board member removed (s. 36). If a board illegally spends monies, then any two electors of the division can take those board members who voted for the action to court to recover the monies (s. 94).

The above remedies are limited to electors. However, since the minister may appoint a person to inquire into any "appeal, complaint, difference or disagreement arising from the decision of a board of education, director . . . " (s. 10(1)), then anybody has the option of submitting a request to the minister for a remedy under the powers bestowed on the minister by the Act.

For individual actions, the Act makes a variety of provisions for parents to determine the involvement of their children in some activities (s. 180 and 181), and to be consulted on educational decisions made about their children (s. 151 and 178).

From the above description, it can be concluded that education is adjudged to be of such importance that, for purposes of governance and organization, it is separated from other functions served by governments at the provincial and local levels. At the provincial level, there is a Department of Education under a minister of the Crown. At the local level, school boards have functions separate from the functions served by other units of local administration such as the municipalities. The local school jurisdictions are organizationally accountable to the minister, and politically accountable to their own electorate.

The Right to Have Separate Schools. While section 93 of *The Constitution Act, 1867*, makes education a provincial responsibility, the power to legislate in the area is not unfettered. Any right or privilege with respect to denominational schools held by a class of persons by law at the time of Union or subsequently established by the legislature of a province shall not be prejudicially affected by the laws of a province. As pointed out by N. Finkelstein,

> It should be noted that the scope of these rights does not vary with developments in society, but rather is frozen in time. In addition, only those rights which are determined by reference to religious

> belief are guaranteed by s. 93. Even as regards those, the Legislature may regulate them as long as the regulation does not "prejudicially affect" their denominational character (in Dickinson and MacKay, p. 50).

Provincial statutory provisions. As pointed out in the previous chapter, section 17 of *The Saskatchewan Act* provides for the right to separate schools and extends that right to include protection against discrimination in the appropriation and distribution of monies for the support of separate schools. In addition, constitutional protection of religious instruction is extended to all schools.

The general provisions of section 17 of *The Saskatchewan Act* have been incorporated into section 360 of *The Education Act* with a particular reference to the alteration of boundaries added:

> 360. Nothing in this Act shall affect any right conferred by *The School Act* upon any minority of electors in any district established pursuant to that Act, whether Protestant or Roman Catholic, and no alteration of boundaries of a school division shall be made unless it can be satisfactorily shown that the right provided to any class of persons under section 17 of *The Saskatchewan Act* will not be prejudiced thereby.

Thus, *The Education Act* incorporates the provisions of *The School Act* for the right of the minority of electors in a **school district** to establish a separate school division (s. 22(2)) and the procedures to be followed (s. 22(3-11)); and, s. 23(1-40)).

It should be emphasized that this right was limited to the establishment of a separate school division in a school district as defined previously under *The School Act* and currently under section 120 of *The Education Act*. The right to form separate school districts was established when the maximum size for a district was 25 square miles and the grade offerings were limited to elementary school (Ordinance, 1887, no. 2, s. 16). Although defined in terms of attendance districts within a municipality, the current provisions under *The Education Act* retain the provisions for town and city districts and expands somewhat the size of the rural districts. **Although the principle of coterminous boundaries with the public school district is retained, except in the urban centres, the school district no longer represents the basic unit of governance and administration for public boards of education.**

Historically, as provisions were made for extension of the grade levels to include high schools and for larger school jurisdictions, they were limited to the public school districts: e.g. the Ordinance of 1888 provided for the establishment of high school rooms in only the public school districts, and *The Larger School Units Act* pertained only to public school districts (s. 3 and 7). In the latter case, separate school districts could join if the board of trustees of the separate school district entered into an agreement with the unit board and the electorate of the separate school district were informed and had an opportunity, if they wished, to hold a vote on the issue (The Larger School Units Act, 1944, s. 91-96). With the amendment to *The School Act* in 1964, the right to offer a high school education was extended to the separate school districts. This new right was the first major extension of "rights and privileges" subsequently conferred upon any minority of electors. With this exception, the long-standing policies of the governments of Saskatchewan would appear to have been to restrict the rights and privileges of the minority to those held at the time of the formation of the province.

The Education Act contains a series of other provisions for separate schools. The right to have religious instruction for two and one-half hours per week, if the board of education so decides, is contained in s. 181(1). Section 180 outlines the language rights. Separate school boards have retained the right to determine the qualifications of religious instruction teachers (s. 92(r)).

The religious faith of the parents determines which elementary school their children are entitled to attend (s. 144.1(b)). Since members of the religious minority in cities with public high school districts had the right to send their children to the public high school prior to the amendment of 1964, regardless of the faith of the parents, the children may attend without paying tuition either to the public or separate high school (s. 144(1-3)).

Property owners, who are members of the minority religious faith, are to be assessed as "supporters of the separate school division" (s. 26(2)). The provisions for the division of assessments on jointly owned and corporate owned properties between the public and separate school divisions are enunciated in sections 291 to 302.

Of particular significance to this study are the delimitations on the power of the minister to alter boundaries of school divisions. Section 10(1) grants the power to the minister to alter boundaries of "any school division that is not a separate school division." Changes to separate school division boundaries cannot be made "without the written consent of the board of education of that division" (s. 27(1)(e)).

Under *The Local Government Elections Act*, the elector in a separate school division is defined in the following manner:

> 23(2) To qualify to be registered as an elector in any election held in a separate school division, the person shall, in addition to the requirements set out in subclause (1)(c)(ii), to be of the religious faith of the minority that established that separate school division, whether Protestant or Roman Catholic, and, on being registered as an elector in that separate school division, that person does not qualify to be registered as an elector in respect of any other school division.
>
> (3) A person who is registered as an elector in a public school division is not qualified to be registered as an elector in respect of any other school division.

Judicial decision related to the nature and rights of separate schools. A recent attempt by the Government of Quebec to restructure the educational system by replacing the denominational school boards with linguistic school boards, was declared "null in its entirety and of no effect" by the Quebec Superior Court. On the basis of section 93 of *The Constitution Act, 1867* and section 29 of *The Charter of Rights and Freedoms*, Mr. Justice Andre Brossard was reported in the School Law Commentary to have concluded that

> . . . the classes of persons to whom the constitutional protection applies are the Roman Catholics and the Protestants residing within the cities of Quebec and Montreal as the boundaries have evolved over the years as well as the Roman Catholics and Protestants constituting a religious minority within any given school municipality outside the cities of Montreal and Quebec. The

> protected rights were held to include the right to elect their own trustees, the right to possess and manage their own denominational schools, the right of control over and the right to choose teaching staff within certain legislative limits, the right of visitation by the religious authorities of their denomination, the exclusive right to the choice of books of religion by the ecclesiastical authorities of their denomination, the unlimited power of taxation of their co-religionists, and a discretionary power of borrowing within limits determined by law (June, 1986, Vol. Sample).

Although the above case would lead one to believe that the existence and character of separate school districts are "cast in stone," in Board of St. Walburg Roman Catholic Separate School District No. 25 v. Board of Education of Turtleford School Division No. 65, Justice Tallis interpreted the protected right to be

> the general right to establish and maintain a school board like those provided in respect of public school districts. It does not guarantee a particular kind of board or educational arrangement in perpetuity (School Law Commentary, Dec., 1987, p. 4; Court of Appeal Judgment: January 27, 1987).

The Court identified three issues: 1) Did section 19 of *The Education Act* divest the separate school of its status?; 2) Did the agreement signed in 1946 have the effect of preserving the status as a separate school district (division)?; and, 3) Did section 19 prejudicially affect the constitutional rights under section 17 of *The Saskatchewan Act* and given by the Ordinance, 1901.

Since the St. Walburg Roman Catholic Separate School District No. 25 had joined the Turtleford School Division No. 65, then, in accordance with section 19 of *The Education Act*, the school district was adjudged to no longer exist.

In response to the second question, although the 1946 amalgamation agreement contained a statement that the amalgamation was not to impinge on the rights and privileges granted to separate schools, the Court held that since the agreement was in conflict with the Act the agreement had no effect.

In order to judge the constitutionality of section 19, the Saskatchewan Court of Appeal developed the following two-part test:

> (a) whether the impugned legislation affects a right or privilege protected by s.17(1) of *The Saskatchewan Act;* and (b) whether such right or privilege has been 'prejudicially affected' by the impugned legislation.

Since the right of the religious minority to establish and operate its own school district with their own board, and to provide religious instruction have been retained in the Act, the Court concluded that the constitutional rights were not prejudicially affected. The changes in the Act were "modification in the institutional machinery by which minority rights are to be exercised. Such a legislative change is not constitutionally infirm."

With the reorganization under *The Larger School Units Act* and *The School Act*, a separate school board was given the option of continuing as a separate school district or of amalgamating with the larger school unit. It could not become a "separate larger school unit." The right of the religious minority to establish, within a public school district, a separate school district with its own separate board was preserved. The right to offer religious instruction was continued. Constitutional provisions for the religious minority in education were not "prejudicially affected."

With the 1978 reorganization by the new *The Education Act*, the separate school districts became separate school divisions with their boundaries redefined or, in the case of urban school divisions, retained. In divisions not subdivided into districts, the boundaries were redefined to be those of the public school division. In divisions divided into districts, the boundaries were to be those of the attendance area constituting a school district. The right of the religious minority to establish, within a public school district, a separate school division with its own separate board was preserved. Again, the provision for religious instruction was unaffected. The constitutional provisions appeared not to be prejudicially affected under this reorganization.

With any new reorganization under *The Education Act*, sections 10(1)(m) and 27(1)(e) allow for ministerial alteration of separate school division boundaries only with "the written consent of the board of education of that division." Thus, any effort to change separate school boundaries would require the approval of the separate school boards. However, the matter is somewhat confusing. Since separate school divisions in urban centres and in non-district divisions are to have boundaries coterminous with the public school division, and since the minister has the authority to unilaterally alter the boundaries of these public school divisions, then, it could be argued that the minister could unilaterally change the boundaries of the separate school divisions.

If the principle of coterminous boundaries were to be kept in the above situation and if the minister had the authority and desire to indirectly effect the changes in separate school boundaries, then, for example, any extension of a urban public school division, that did not include the formation of school districts, to include rural areas would extend the boundaries of the separate school division to include the same area. The taxes of the religious minority members in the incorporated areas would be directed to the appropriate school board. A dual system of public and separate schools would be extended and the benefits of the increased resources and enrolments would accrue to both systems.

If the principle of coterminous boundaries were not kept in this situation, or if the minister did not have the power or desired not to create the changes in the separate school boundaries through changes in the public school boundaries, then, the minister could extend the boundaries of the urban and non-district public school divisions without effecting a corresponding change in the boundaries of the separate school division. This change would be similar to that made when consolidated school, high school districts and larger school units were formed. The separate school division would be retained; the taxes in the new areas incorporated into the public school division would accrue to that division; and, the increased enrolment would be directed to the public schools. In accordance with section 27 of *The Education Act*, the electors and/or board of the separate school division could request approval of a corresponding boundary change. As an alternative, the separate school division could request disestablishment and be re-established under the provisions of sections 22 to 26 of the Act. The religious minority would have retained its right to form a separate school district and to have its own board.

In public school divisions with districts, the changes introduced by *The Education Act* retained the boundaries of the separate school division as established under *The School Act* or redefined the boundaries of separate school districts as the school attendance area within which the children are entitled to attend the school of the district from kindergarten to Grade 9 and lies within a municipality (s. 120). The boundaries of the school districts are determined by the board of education from time to time. Again, the same provisions apply for changes in boundaries as those for coterminous-boundary separate school divisions. The right for the religious minority to have separate school boards in school districts was maintained. However, a public school division could theoretically contain as many separate school divisions as school districts.

If the reorganization were to take place under the above circumstance, then changes in public school division boundaries would not necessarily lead to corresponding changes in the boundaries of the separate school division contained therein. However, since the separate school division is defined in terms of the school district, changes in school district boundaries could be used as justification for corresponding boundary changes for the separate school division.

If the school districts were to be abolished, then, if the rights of the religious minority were to be preserved and not prejudicially affected, the boundaries of the current public school division would be the boundaries for the separate school division.

Thus, under *The Education Act*, if the current rights of the religious minority are to be defined in terms of "the school district," a basic political and organizational question that must be addressed is whether or not it is considered advisable to establish larger school jurisdictions for the religious minority. If the answer is "yes," then the implications of a expanded dual system for the finance and operations of the local school jurisdictions must be assessed. If the answer is "no," then the implications for the viability and operation of such restricted separate schools must be dealt with. Also, these questions on the efficacy of the expansion and elaboration of separate school divisions must be addressed within the context of section 15, the equality section, of *The Canadian Charter of Rights and Freedom, 1982*.

Placing *The Education Act* aside for a moment and only considering the remarks of the learned judge in the St. Walburg case, the case could be made for a reorganization that ignores current boundaries and calls for a complete restructuring of both public and separate schools. The right of the religious minority to establish its own schools and have their own school board would have to be retained and not prejudicially affected.

Other judicial decisions related to separate schools. Owing to the fact that the provisions for separate schools have special legal status, many court cases have been held on matters related to the status and operation of these schools. Among the cases identified by Dickinson and MacKay were the following:

> In McCarthy v. The City of Regina, it was held that all rate payers of a separate school district who are of the religious faith of the minority establishing the district should be assessed as separate school supporters whether they voted for the establishment of the district or not.
>
> In McCarthy v. The City of Regina and Board of Trustees of the Public School Board, it was held that a person who is not of the religious faith of a minority which has established a separate school cannot escape the obligation of being assessed for the support of the public school.

> In Bintner v. Regina Public School Board District No. 4, the unusual holding was made that members of a minority which has established a separate school district may have a separate school, but this gives them no right to enroll their children in the public school (p. 56).

In describing an allied Alberta case, Dickinson and MacKay stated the following:

> In Schmidt v. Calgary Board of Education and Alberta Human Rights Commission, the Alberta Court of appeal considered whether the practice in Alberta of charging a fee to parents of students who are enrolled in a school other than that of the parent's religion was discriminatory and in violation of *The Individuals Rights Protection Act*. The court upheld the practice. The Court found that there is a statutory right for the establishment of separate school systems based upon a minority religion in Alberta. Further, a person's faith determines which school system his children must attend. Taxes can only be paid to the school system which embraces the taxpayer's faith. There was found to be no discrimination in charging a fee if such a parent wishes to send his children to the other system (p. 57).

Members of the religious minority establishing separate schools are electors in that division, must pay their taxes to the separate school division and, with exceptions such as for secondary education, send their children to the schools of that division. Except by agreement with the separate board and under certain circumstances for secondary education, the public school system has no responsibility for these children.

However, a recent decision in Alberta threatens the feasibility of administering the distinctions among electors and ratepayers for public and separate schools. As described in the School Law Commentary, the Starland School Division held that six electors falsely declared themselves to be of the Roman Catholic faith so that a Protestant separate school district could be established. In an action against the Minister of Education and the six electors, the School Division presented its request to the Alberta Court of Queen's Bench to have the establishment of the separate school division set aside. Justice McDonald held that the essence of the request was for the court to assess whether or not the electors were Roman Catholic. He expressed the belief that

> Such an exploration by the court, especially when it would involve questions being put to them as witnesses, and requiring them to answer under threat of the temporal sanctions that are attached to the oath, is inherently repugnant as a matter of judicial policy (March, 1989, p. 3).
>
> In a procedure devised by the state that permits a person to make a declaration of religious belief, the judicial arm of the state would not lend its powers to an investigation of the genuineness of that declaration. Such a matter is in the realm of the non-justifiable, not because the court could not entertain and compel evidence about it, but because the court ought not to do so (p.4).

The court held that freedom of religion included the "right to declare religious beliefs openly and without fear of reprisal or judicial sanction if inaccurately declared" (Editor of School Law Commentary) and dismissed the case partially on the grounds that the court would act contrary to the freedom of religion provisions in the Alberta Bill of Rights if it was to require the electors to disclose their religious belief and conscience.

The message given by this decision is that once an elector or ratepayer declares his or her religious status the school boards and electors do not have the right to question the declaration. Thus, while individuals of the religious minority must pay their taxes to the separate school board and send their children to a school in the division, the criterion upon which the extension of these rights and obligations are based, the declared religious belief, cannot be challenged. This inability to test the veracity of a declaration introduces into the system a looseness tantamount to granting the right for individuals to choose which school system they wish to support. Thus differences in tax rates and educational services between public and separate schools could result in members of the religious majority and minority "finding their true faith" and declaring themselves supporters of the selected system. Besides promoting mobility between public and separate school systems, this looseness could introduce a new political element: e.g., when dissatisfied with the action of the public board of education, a group of individuals in the religious majority could declare themselves of the religious minority and call for the establishment of a separate school division, or, conversely, a group of the religious minority, dissatisfied with the level of property taxation, could declare themselves of the religious majority and threaten the viability of the separate school division.

The Canadian Charter of Rights and Freedoms, 1982

With the passing of *The Canadian Charter of Rights and Freedoms* in 1982, the legal context of Saskatchewan education changed significantly. The Charter gave power to the courts to effect a remedy when *The Constitution of Canada*, including the Charter, was breached:

> 52(1) The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.
>
> 24(1) Anyone whose rights or freedoms, as guaranteed by this Charter, have been infringed or denied may apply to a court of competent jurisdiction to obtain such remedy as the court considers appropriate and just in the circumstances.

Thus, by reason of having this power to impose a remedy, the judiciary has become a major decision maker in education. As pointed out by Dickinson and MacKay, "Judicial decisions regarding education-related matters will reach into every province and school district and may well contribute to a greater trend toward centralizing educational governance" (p. 41).

This review of the Charter and its implications for education is delimited to those provisions that may directly or indirectly affect the governance and organization of schools. Particular attention has been paid to the implications of section 15 (Equality Rights), section 23 (Minority Language Educational Rights), and section 27 (Multicultural Heritage) for minority language rights, special education, and finance and services. These sections of the Charter are as follows:

Equality Rights

15.(1) Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

(2) Subsection (1) does not preclude any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups including those that are disadvantaged because of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

Minority Language Educational Rights

23.(1) Citizens of Canada

(a) whose first language and still understood is that of the English or French linguistic minority population of the province in which they reside, or

(b) who have received their primary school instruction in Canada in English or French and reside in a province where the language of the English or French linguistic minority population of the province, have the right to have their children receive primary and secondary school instruction in that language in that province.

(2) Citizens of Canada of whom any child has received or is receiving primary or secondary school instruction in English or French in Canada, have the right to have all their children receive primary and secondary school instruction in the same language.

(3) The right of citizens of Canada under subsections (1) and (2) to have their children receive primary and secondary school instruction in the language of the English or French linguistic minority population of a province

(a) applies wherever in the province the number of children of citizens who have such a right is sufficient to warrant the provision to them out of public funds of minority language instruction; and

(b) includes, where the number of those children so warrants, the right to have them receive that instruction in minority language educational facilities provided out of public funds.

Multicultural Heritage

27. This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

Minority Language Rights. Although the issue of Francophone education is outside the purview of this study, the effects of changes in the governance and organization in this area may well affect the governance and organization of Anglophone education in Saskatchewan.

There have been many legal actions seeking clarification and enforcement of the minority language rights contained in section 23 of *The Charter of Rights and Freedom*. These actions have centered on such issues as the governance rights extended to the minority language group, the interpretation of the "number . . . is sufficient to warrant" phrase, the applicability of the equity clause, and the effects on the rights of separate schools.

The governance issue. In its March 1990 decision on the issues stemming from the Jean Claude Mahe, et al. v. Her Majesty the Queen in Right of the Province of Alberta, the Supreme Court of Canada reached the general conclusion that section 23 of the Charter confers upon linguistic minority parents a right to manage and control the educational facilities in which their children are taught and several other very significant conclusions that pertain to governance.

First, the Court described two purposes for section 23. One purpose was "to preserve and promote the two official languages in Canada, and their respective cultures, by ensuring that each language flourishes, as far as possible, in provinces where it is not spoken by the majority of the population." The second purpose was to alter the status quo and address the existing problem of linguistic and cultural survival of the French and English linguistic minorities in the provinces of Canada. The section was designed to change, not preserve, the current situation.

Second, although the Court recognized the general right of the linguistic minority to minority language instruction, in its interpretation of section 23 and the subsections, the Court came to the conclusion that there was a "sliding scale" of requirements from full governance by the minority under subsection (b) to nothing under subsection (a) when the numbers of students are too few. As stated, "whatever type and level of rights and services is appropriate in order to provide minority language instruction for the particular number of students involved" (as cited in School Law Commentary, April, 1990).

Third, the Court held the opinion that a school board made up of individuals from the linguistic majority cannot be relied upon to meet the linguistic and cultural concerns of the minority. Thus, the minority has the right, when the numbers warrant, to an independent Francophone school board. However, when the numbers do not warrant, the Court believed that alternate arrangements should be made. While recognizing that the situation will be a major determinant of these alternate arrangements, as described in the School Law Commentary, the Court proffered the following advice:

> Where numbers do not warrant an independent school board, representation of the linguistic minority on local boards should be guaranteed. The number, at a minimum, should be proportional to the number of minority language students in the district. Exclusive authority should be given to the representatives to make decisions on expenditures of funds provided for the instruction and facilities, the appointment and direction of those responsible for the administration of such instruction and facilities, the establishment of programs of instruction, the recruitment and assignment of teachers and other personnel, and the making of agreements for education and services for minority language pupils. The right to tax is not essential (School Law Commentary, April, 1990).

Given the nature of the authority outlined by the Court, the application in Saskatchewan would be to boards of education in school divisions. However, the electors and board members in the majority schools are not restricted to parents. Thus, such a board of education would consist of members from the public at large and representative(s) of the parents of the minority language students.

Fourth, the Court held that the rights of management and control extended to the parents do not preclude provincial regulation. "The province has an interest both in the content and the qualitative standards of educational programmes. Such programmes can be imposed without infringing s.23, insofar as they do not interfere with the linguistic and cultural concerns of the minority" (School Law Commentary, April, 1990).

Fifth, the rights of denominational schools were adjudged to be unaffected by the minority language rights. Under the Court's proposal, the minority language representatives on a denominational board would be of that denomination. The delegation to these trustees would be on matters not considered to be denominational aspects of education. With the minority language boards, they could be of the religious majority or religious minority. However, the Court did recognize that the division of these independent boards into public and separate school divisions "could split up an eligible group of minority language students in such a way as to preclude the creation of a minority language school which would otherwise be required."

Sixth, in determining the sufficiency of numbers of students, the Court defined a two-factor test. First, is the number of potential students sufficient to meet the pedagogical requirements for the effective delivery of services. In this assessment, there should be equality of education between that provided the minority and the majority. Second, the reasonableness of the costs are to be considered. Weight should be given to the pedagogical requirements.

Seventh, the number of students to be considered was not restricted to those within the boundaries of an existing school division nor was it considered necessary for the critical number to be the same over the entire province: the situation should play a major role in defining the necessary minimum number.

In a previous action brought by Commission des Ecoles Fransaskoises Inc., et al. against The Government of Saskatchewan, Judge Wimmer of the Court of Queen's Bench had concluded that

1) section 23 guaranteed, where the numbers are sufficient, the right of the linguistic minority parents to manage and control their own schools;
2) where the numbers were insufficient for governance, then, where the numbers were sufficient, the right to minority language instruction existed and involvement on parents advisory council was adequate;
3. section 180 of *The Education Act* had no effect as it failed to recognize the right under section 23 of the Charter for parents of the linguistic minority to manage and control instruction in minority language educational facilities;
4. the rights of section 23 are not defined by the territorial boundaries of school divisions, and Regulation 40 (2) was objectionable in that the number of eligible pupils required was defined as "fifteen" residing within the school jurisdiction; and,
5. the equality provisions of section 15 of the Charter were adjudged to have no practical application in this case (School Law Commentary, April, 1988).

Thus, the requirements of section 23 of the Charter has the potential to significantly affect the governance and organization of the school divisions in the province. As things now stand, when independent Francophone school boards are established in specific areas of the province, the operation of their schools will undoubtedly affect the operation of the school jurisdictions sharing the delivery of educational services to the area. If the position of the Supreme Court is followed, when insufficient numbers for governance exist, then the linguistic minority parents will have representative(s) on division boards. In either case, the equality of educational services parameter will place an additional burden on the finances of the region.

Since the majority of the Francophone population are of the Roman Catholic faith, the development of Francophone boards, schools, and operations will have particular significance for Catholic separate school divisions. However, it would appear that the Courts will not determine that the effects are contrary to section 29 of the Charter: "Nothing in this Charter abrogates or derogates from any rights or privileges guaranteed by or under the Constitution of Canada in respect of denominational, separate or dissentient schools."

Equality Rights. Although the minority language provisions of the Charter have drawn the most initial attention, Dickinson and MacKay hold "the potential effect of the equality clauses on educational policy making and practice should not be overlooked as a comparable if not even more potent tool for educational reform" (p. 42). Section 15 with its "equal protection" and "equal benefit" "without discrimination" provisions has the potential to force reforms in the delivery of educational services, in the financing of education, and in the mandate served by education systems.

Equality in educational services: linguistic minority. As noted in the above description of the Mahe, the Supreme Court has stated that there must be equality of education provided the linguistic minority and majority. This judgment was reached on the basis on section 23 of the Charter. Similarly, in the action of Jacques Marchand et al. vs. Simcoe County Board of Education and Her Majesty the Queen in Right of Ontario, Justice Sirois used section 23 to conclude

1. the Simcoe County Board had a duty to provide equivalent instruction and facilities in the French language secondary school as it did in its English language secondary schools;

2. the provincial government had a duty to ensure that French language secondary school facilities and instruction were equivalent to English language secondary schools in the County of Simcoe, and had the duty to provide adequate funding for such purposes; and,

3. once the numbers test was met, the linguistic minority students had the right to an equal quality education, "this is to be a full and complete education not a limited, partial or truncated one, which necessarily would be an inferior education, a second class one" (as cited in School Law Commentary, Sept., 1986).

Equality in educational services: special education. As pointed out by MacKay, section 15 of the Charter, with the equality provisions and protection against discrimination on mental or physical disability, has "broad implications for educators as (it) will affect both access to special education services and possibly the means by which such services are provided" (Dickinson and MacKay, p. 175). He goes on to state:

> Section 15 undoubtedly will spawn arguments that all persons in all parts of the province should have access to proper and well funded special education programs. Section 15, like all Charter provisions, is subject to reasonable limits under Section 1. School boards will argue that it is reasonable for rural school boards to provide less in the way of special education services because they have a smaller budget.

Given the provisions of *The Saskatchewan Human Rights Code*, *The Education Act* and section 15(2) of the Charter, the Courts could take a positive approach and mandate affirmative action programs that attempt to achieve real equality of opportunity for exceptional children. In the current legal context, failure to provide special arrangements for the disabled clearly violates sections 178 and 184 of *The Education Act* and the principle of equality. Smaller budget or not, the services to the exceptional child must be provided.

If the experience in Saskatchewan follows that in the United States with the enactment of *The Education for All Handicapped Children Act (1975)*, an act that called for "free and appropriate education" for all handicapped children, there should be a continuing increase in the demand for diagnostic services and in the development of policies and guidelines to cover special education programs and student placements.

What supportive services, particularly health services, are required for exceptional children? In the Irving v. Tatro case, the United States Court of Appeal concluded that the provision of clean intermittent catheterization for a girl suffering from spina bifida and a neurogenic bladder was "necessary to permit the child to attend school" and take advantage of the special education program, and, thus, was the responsibility of the school board. The Court defined a "supportive service" as "A service that enables a handicapped child to remain at school during the day is an important means of providing the child with the meaningful access to education that Congress envisioned" (Dickinson and MacKay, p. 214). The Court went on to state that the services can be claimed only if required to permit the child to benefit from the special education and only if it must be given during the school day. Services demanding a licensed physician were excluded.

In other cases, lung suctioning, maintenance of a tracheostomy tube and psychotherapy have been determined by the Courts to be the responsibility of the school division. To the list of medical procedures which may be required can be added the administration of drugs, postural drainage and tube feeding.

If the school division is required to provide the supportive medical services required to permit the child to benefit from the special education program, then the health and educational personnel qualified to deliver these services must be available.

Organizationally, the basic question of which agencies are responsible for the various special needs of these children must be addressed. The greater the responsibilities ascribed to the school division for providing special supportive services for exceptional children, the greater the demand for centralized facilities and larger units of administration.

To date, the major conflicts faced by the Courts in their deliberations on the implications of the Charter have centered around the following questions of placements of special education students. What are appropriate and suitable special education programs and placements? What rights do special education students have to regular and special education classrooms? Which is the superior right: the right to a Catholic education or the right to an appropriate special education?

What are appropriate and suitable special education programs? In the case of Dolmage et al. v. Muskoka Board of Education et al., the parents of Matthew Dolmage disagreed with the board's assessment of the appropriateness of the placement of their child into a special education program in the school system. They argued that the Identification, Placement and Review Committee (I.P.R.C.), in making a placement recommendation, should look only at the needs of the child and disregard the availability of programs, facilities and services. Justice Eberle, in obiter dicta, stated the following:

> In looking at the needs of the pupil, they (the parents) say, regard should be had to such things as pupil-teacher ratio, specific methodology, teaching philosophy, particular teaching qualifications, especially fluency in sign language, and other detailed requirements.
>
> The Muskoka board's position is that the I.P.R.C. is limited in its placement of a pupil to the facilities, programmes and services which are in existence at any given time during the phase-in period.
>
> I cannot help but think that the language of s. 8(2) should not be read in any more absolute sense than the words reasonably require. To do so would ignore the practicalities previously adverted to. The idea of an "appropriate" special education programme, and the "appropriateness" of the placement of the pupil, surely involves the idea of suitability, and is not to be confused with a placement which amounts to perfection.

> When turning to placement, one must be sought which is suitable to the needs of the pupil. In doing so, however, it is essential to consider what programmes and services are available and perhaps even the degree of availability. The most appropriate placement during the phase-in period may not only be less than ideal, but may be far less than ideal. To recommend the placement of a child in a non-existent programme seems to me absurd (Dolmage et al. v. Muskoka Board of Education et. al. (1985), 49 O.R. (2d) 546 (H.C.J.) in Dickinson and MacKay, pp. 227-228).

Although this judgement was provided on an event occurring under special circumstances, during the phase-in stage of the implementation of special education programs, the criterion of suitability for adjudging appropriateness has been confirmed in other judgements.

Antonsen case. Upon being advised that their child in an Extended Learning Assistance class would probably fail her year, parents of Deidre Antonsen sent their daughter to a private school and brought legal action against the Vancouver School Board. They sought an order to compel the board to provide "sufficient accommodation and tuition" for their daughter. Among the failures alleged by the parents were the failure to institute an appropriate teaching method; the failure to establish a segregated class for the instruction of dyslexic children; and, the failure to establish a pupil-teacher ratio of not more than three pupils for each teacher (School Law Commentary, Vol. 4, No. 4, Dec. 1989).

In addressing the phrase "sufficient accommodation and tuition," Justice Trainor stated:

> . . . the Legislature intended to impose on the Board a duty to provide both accommodation and tuition which were sufficient. Sufficient means adequate to a certain purpose or object. I would think that both the accommodation and tuition, that is the action or business of teaching a pupil, should be adequate to the purpose of providing an appropriate education. Sufficient accommodation must mean a facility in which ordinary bodily comforts are available and which is designed to permit teachers and students to attend to the business of instruction. A duty to provide sufficient tuition does not mean a duty to provide the best education possible. There is no obligation on the Board to assure that every child who enters the system achieves his full potential (School Law Commentary, Dec. 1989, p. 2).

Since the teacher used a clinical multi-sensory approach, since the board had established an Extended Learning Assistance class, since there was individual attention and small group instruction, and since the pupil-teacher ratios established by the board did not constitute a failure in their duty, the Court concluded that the board had not failed in any duty it had to perform in this matter.

Thus, in both the Dolmage and Antonsen cases, an "appropriate" special education program was defined as being a program that was suitable to the needs of the pupil and not the best or most ideal program possible.

What rights do special education students have to regular and special education classrooms? It would appear from the two aforementioned cases that, when placement in special education classes is adjudged appropriate by the school system and is sought by the parents, the Courts will defer to the judgement of the school officials on the appropriateness of the actual special education placement. Through the recognition of the practicalities of placements in special education programs, here again the Courts made the distinction between suitable placement and ideal placement.

However, when the parents do not want their child placed in a special school or special class, the legal waters become murky. The call for mainstreaming of special education students and for the placement in least restrictive environments contemplate the placement of special education and regular students in the same classroom with the disabled student receiving special assistance from specially-trained personnel. As far as possible, this special assistance is to be provided within the regular classroom. Parents making this call hold that the child has the right to placement in a regular classroom and the right to special education services: they have the right to choose how their child will receive the special education services.

Bales v. Central Okanagan School District. When their child was placed in a school for the handicapped after having been placed in a regular school, the parents withdrew the child and hired a private tutor. On the basis of section 7 of the Charter and the British Columbia Human Rights Code, a court action against the Central Okanagan School Board by the Bales parents was initiated. It was their belief that their child was entitled to attend a regular school and that to deny placement in such a school deprived the child of "liberty" or "security of person" and was "discriminatory."

In his judgement, Justice Taylor unequivocally stated:

> I cannot accept the contention that a handicapped child has a right to be educated in an ordinary school, or that by being educated in an ordinary school such a child acquires a right to continue his education in that setting.
>
> Nor can I accept the contention that the placement of a handicapped child . . . in a properly-conducted segregated school such as Glenn Avenue can be regarded as a deprivation of liberty or security of the person, or as an act of discrimination between handicapped and non-handicapped, the distinction is drawn for the purpose of providing the handicapped with the special treatment they require (Bales, Bales and Bales v. School District 23 (Central Okanagan) Board of School Trustees (1984), 54 B.C.L.R. 203 (S.C.) in Dickinson and MacKay, p. 259).

From this judgement, it would appear that parents do not have the right to choose whether their exceptional child would receive special education services in a regular or a special classroom. However, . . .

Elwood case. When their trainable mentally retarded son was placed in a special education class, the Elwoods transferred him to a regular classroom in the local school and refused to return him to the special classroom. In their court action, it was argued that the special placement was a violation of Luke's rights under sections 2(d), 7 and

15(1) of the Charter: freedom of association; life, liberty and security of the person; and equal protection, treatment and benefit of the law without discrimination, respectively.

With section 15(1) coming into effect, a new element was introduced into the debate on the right to attend a regular classroom. Before the Supreme Court of Nova Scotia passed judgement on the interpretation to be given section 15(1) in this case, the two parties to the conflict reached an agreement and the agreement was sanctioned by the Court. This agreement included the following provisions:

> WHEREAS . . . the School Board is committed to the principles of integration and "least restrictive environment" in the placement and delivery of services to its students having special needs.
>
> "Program" means the Student Program Plan individually designed for the Child.
>
> 2. THAT . . . during the term of this Agreement, the child will attend his School and be enrolled in a Class of age appropriate peers in such School and any change in such placement requires the consent of both the School Board and the Elwoods . . .
>
> 4. THAT . . . the Classroom Teacher assigned to the Child's Class will have primary responsibility for the delivery of the Program for the Child . . . . Subject to this Agreement, the development of program and curriculum, both generally and for the Child, will remain within the jurisdiction of the School Board.
>
> 8. THAT . . .
> (a) The Principal of the School shall determine who shall be members of the Educational Support Team ("Team") but the Team shall always include the Classroom Teacher and the Elwoods;
> (b) The Team shall be responsible for the design and implementation of the Program for the Child;
>
> 10. THAT should a dispute arise regarding this Agreement, the Child's School or Class placement or any matter whatsoever regarding the Child's Program, the dispute may be referred by the parties to arbitration . . . (Elwood and The Halifax County-Bedford District School Board Agreement in Dickinson and MacKay, pp. 278-282).

Robichaud case. In a case similar to that of the Elwood's, the Robichauds reached a Court sanctioned agreement with Le Conseil Scolaire Numero 39 in the Province of New Brunswick. The agreement included the following statements related to the principles of mainstreaming and the least restrictive environments, individualized program, and educational team including the parents:

> 1. The Defendant shall integrate Nathalie Robichaud by placing her in a regular Grade 9 classroom such that she receives her special education program in circumstances where she can participate with pupils who are not exceptional pupils . . . .

> 2. An individualized education plan shall be prepared . . . . The plan shall be written and drawn up by a multidisciplinary team, and the parents . . . shall be part of this team.
>
> 3. Although Nathalie Robichaud will have to spend as much time as possible in a regular classroom, the Defendent shall have the power to remove Nathalie from the regular classroom in the following circumstances . . . .
>
> 4. The Defendent agrees to provide Nathalie Robichaud with the special education services required, in accordance with its financial resources (School Law Commentary, June, 1990, p. 4).

Saint-Jean-sur-Richelieu v Quebec Human Rights Commission. Rather than place their child in a class for children with severe handicaps, the parents placed their child with an outside special educator and lodged a complaint with the Quebec Human Rights Commission against the school board. They wanted their child to be placed in a regular classroom and to receive special accommodations within that context. By focusing on the students weaknesses and not his strengths, the tribunal concluded that the school officials had committed an act of discrimination. The tribunal ordered the placement of the child in a regular classroom, the provision of special education services, and the reimbursement of $20,880 to the family plus $5,000 in "moral damages" for denying the child his right to equality, integrity and dignity. The decision is being appealed (The Globe and Mail, Oct. 12, 1991).

In a similar situation in Calgary, the Catholic school board agreed to pay the $12,500 cost of sending a learning-disabled child to a private academy recommended by the student placement advisory committee. While the school board believed that an in-house program would have adequately met the needs of the child, the parents believed that the school board did not have a program that could meet the needs of their child and placed him in the Calgary Academy. Under the threat of legal action, the board agreed to the parental demands. The Calgary Catholic school board is now exploring the feasibility of establishing its own special education programs instead of funding private institutions. The Calgary Public school board has implemented its own special programs (Calgary Herald, Oct. 11, 1991).

The above agreements, although not having the same force as a court decision, are persuasive and add substance to the contention of the rights of parents to choose the setting under which their children will receive special education services. The results of the appeal in the Quebec case should add more substance to the arguments. However, as pointed out by the Halifax County Bedford School Board in their pre-hearing submission,

> If, through this litigation, it is determined that the parents of a mentally handicapped child have the legal right to have their child educated in the classroom of their choice, it would then be necessary for the School Board to develop a new system of education for handicapped children.

This need to develop a new system may extend to all school divisions in Canada. The consequences can be the need for greater special education services in regular school and in separate special education facilities and classrooms.

In developing the criterion for designing school jurisdictions, the consultants have made the assumption that the Courts will take a positive approach to the provisions of section 15 of the Charter as they relate to mainstreaming and the least restrictive environment. Such an assumption is consistent with section 178(1) of *The Education Act* and Education Regulations, 179/83, s. 35.4(1): the case must be made for placing a child in other than a regular classroom, and individual education plan must be developed, and special classes must be provided. **Thus, these legal developments support the premise that the board of education is charged with the responsibility of meeting all the educational needs of the students under its jurisdiction and the flat organizational structure must be retained.**

What is the superior right: Catholic education or special education? As a result of the Lanack, Leeds and Grenville County Roman Catholic Separate School Board's lack of special education programs and the placement of three "trainable mentally retarded children" in a public school for handicapped children for their special education program with some visitation to regular classroom in a Catholic school, the parents filed a complaint with the Ontario Human Rights Commission. The parents held that the children were being denied a Catholic education and the benefits of being integrated into a regular classroom.

At the Board of Inquiry, the Catholic board held that the time spent in the Catholic school was sufficient for a Catholic education and that the number "trainable mentally retarded" children in the separate system did not warrant the Catholic board's establishment of such a facility.

Recognizing the belief in the faith community and the integration of religion and secular knowledge, the Board of Inquiry rejected the Catholic board's contention that there was sufficient time spent in a Catholic school for the children to receive a Catholic education. Further, the Board of Inquiry concluded "that integration into regular schools of pupils with handicaps like those of Maureen and Paige is quite demanding on the schools and on their staff and other pupils, but is feasible" (Hickling v. the Lanark, Leeds and Grenville County Roman Catholic Separate School Board, 1986, p. 70).

On appeal to the Ontario Divisional Court, the finding of the Board of Inquiry was overturned. Justice Rosenberg noted that section 16 of the Ontario Human Rights Code allowed for exceptions "for the reason only that the person does not have access to premises, services, goods, facilities, services, goods, facilities or accommodation lack the amenities that are appropriate for the person because of handicap"(Lanark, Leeds and Grenville County Roman Catholic Board v Ontario Human Rights Commission et al., Ontario Divisional Court Judgment: June, 1987). It was Justice Rosenberg's assessment that the Catholic school board did not have the appropriate facilities, personnel and instructional program for the handicapped students. Also, to provided the requisite special educational services within the Catholic system would have been difficult. Thus, Justice Rosenberg concluded no discrimination had occurred.

The Court felt that matters such as the balancing of the factors that must occur in cases such as this would be best done under the provisions of *The Education Act*. Consideration of the needs and impact of the costs of special services on the total budget and the quality of education delivered to other students in the system, and weighing these factors against the merits of a full Catholic education are not matters that Justice Rosenberg believed appropriate for the Court. The review and appeal procedures for placement contained in *The Education Act* were considered to be more appropriate mechanisms.

It should be noted that the Hickling case was dealt with only in terms of the Ontario Human Rights Code and not in terms of the provisions of the Charter.

Would the Court have yielded the same decision if the case arose in Saskatchewan and if the children had not received a portion of their education in the Catholic school system? The Saskatchewan Human Rights Code does not provide for similar exemptions against charges of discrimination on the basis of disability. *The Education Act* makes the provision of special education instruction for disabled students mandatory but provides the Board of Education with the power to enter into agreements with other boards and agencies for the delivery of these services. However, from Ontario case, it could be contended that exceptional children in Catholic separate school divisions maintain their right to at least a partial Catholic education even when the provision of the special education program is contracted with other boards of education.

Upon the establishment of Francophone school jurisdictions in the province, a similar case could be made for the provision of special education programs for their children. Given the demography of the province and the geographic dispersion of the Francophone population, it would appear, at best, that such school jurisdictions would be of sufficient size to offer integrated programs as the mechanism for satisfying the rights of some disabled children to an appropriate education.

The issue of the right to a Catholic or minority language education versus the right to an appropriate education for disabled students has not been resolved and will undoubtedly be placed again before the Courts.

For the purposes of this report, it must be recognized that the potentially conflicting rights issue does exist, that some of these smaller jurisdictions will be unable to meet the needs of some disabled students within their own operations, and that, in all probability, larger school divisions will be called upon to act as the contractor of such services. On the other hand, the larger school divisions have no duty to accept or provide services to these children and may not have the mandate to provide Catholic or Francophone education. **Again, this situation supports the premise that school jurisdictions must be of sufficient size to offer a rather comprehensive range of programs: the flat structure of the education systems in the province must be promoted.**

Summary of the Legal Context

The following list of value premises and organizational parameters constitutes a summary of the major factors within the legal context of Saskatchewan education that help to define our current and future system of education.

1) Every child has the right to a free and appropriate education.

2) Education is a common good and the state has the right and duty to provide that education.

3) The delivery of education is through a system of local jurisdictions established by the provincial government and functioning within a governance structure of locally-elected lay boards of education.

4) Education is adjudged to be of such importance that for purposes of governance and organization it is separated from other functions served by governments at the provincial and local levels.

5) The minister, in conjunction with the Lieutenant Governor in Council, has the authority to establish public school divisions and to determine their boundaries. However, separate school divisions appear to be protected against any unilateral action on boundaries.

6) The Protestant or Catholic religious minority has the right to establish and operate a separate school division.

   i) Parents of the religious minority are entitled to send their children to elementary separate schools.
   ii) Parents are entitled to send their children to either a separate or public high school.
   iii) The minister cannot alter boundaries of separate school divisions without the written consent of the separate school's board of education.
   iv) Separate school divisions have separate electors and tax bases.
   v) The declaration of religious belief by parents, guardians, electors and ratepayers must be taken at face value.

7) Where "numbers . . . is sufficient to warrant," the English and French linguistic minority parents have a right to manage and control the education facilities in which their children are taught.

   i) Depending on the numbers, the Courts have defined a "sliding scale" of control from full governance, to proportional representation on the linguistic majority board, to no independent control.
   ii) The rights are held by parents and not "electors."
   iii) The rights of the linguistic minority are separate from the rights of the religious minority: thus, it is theoretically possible for four school divisions to exist in one geographic area.
   iv) The Court has defined a two-factor test for "sufficient numbers:" 1) Is the potential number of students sufficient to meet the pedagogical requirements for the effective delivery of services?; and, 2) Are the costs considered reasonable?
   v) The sufficiency of numbers is not necessarily to be determined within existing jurisdictional boundaries.

8) The instruments for holding school boards democratically and organizationally accountable are:

   i) the opportunity for ministerial inquiry;
   ii) meetings to be open to the public;
   iii) complete and accurate records available to the public;
   iv) public availability of an administrative and policy manual;
   v) mandatory annual meeting of electors at which an annual report containing

prescribed materials must be presented;
vi) ability of electors to petition for a special meeting of electors;
vii) access to the courts to seek a remedy; and,
viii) elections every three years.

9) A flat-system of local school jurisdictions is assumed. The school division in which the child or his parents or guardians reside has the duty to provide or make arrangements for the courses of instruction and certain services at cost to the school division. It is the duty of the school division to provide all the educational services for students.

10) All children, including the disabled, have the right to an education appropriate to their needs and circumstances, and, when this education is delivered under agreement with another school division or agency, the home school division maintains responsibility for the pupils for so long as parents or guardians remain residents.

    i) Students have the right to appropriate special education programs and to particular supportive services.
    ii) The political and legal actions to foster mainstreaming and education in the least restrictive environment are resulting in the requirement to provide special education services within the regular school and classroom as well as in special education facilities.

11) Through the effects of section 23 of the Charter, there will be a shift from the basic objective of providing for equal opportunity for children to a basic education to the objective of meeting the right of children to equal quality education in a variety of situations.

12) Through the use of agreements with other agencies and school divisions for the provision of educational services, in certain cases, the right of students to a minority religious or linguistic education and of parents to the democratic process and mechanisms for democratic and organizational accountability are compromised.

The Educational and Curricular Context

For K-12 education in Saskatchewan, the 1980s can be described as a period of major changes in the curriculum and mandate of schools. The Minister of Education's mini-conference of educational leaders in August, 1980, reached a consensus that the education system needed some fundamental changes if the students of the province were to be adequately prepared for the future. Through the commission of a series of studies and reports by the Department of Education, and beginning with the release of Directions: The Final Report in 1984, these changes were defined and initiated. The purpose of this section of the report is to describe these recommended changes and their implications for the organization and governance of schools.

General Recommendations

Through a reaffirmation of the right of all children to a quality education and of the philosophy of a comprehensive liberal education, the Curriculum and Instruction Review Committee advocated in Directions a series of principles and changes. First, the concept of a K-12 curricular continuum was to be preserved, but, in order to better reflect the stages of child growth and development, the grade groupings were to be changed from the Division I to IV system adopted under the Continuous Progress Plan in 1960 to a system of kindergarten, elementary (grades 1 to 5), middle (grades 6 to 9), and secondary (grades 10 to 12) groupings.

Second, the actual structure of the curriculum was changed. A core curriculum consisting of seven required areas of study and six categories of common essential learnings was adopted (Saskatchewan Education, Core Curriculum Plans for Implementation, 1987, p. 3). The following were to be the required areas of study: language arts, mathematics, science, social studies, health education, arts education and physical education. To these required areas of study, special subjects, such as practical and applied arts, were added as grade or graduation requirements. The common essential learnings to be integrated into all courses were labelled as communications, numeracy, critical and creative thinking, technological literacy, independent learning, and personal and social values and skills (pp. 5-6).

Third, to the required areas of study, electives could be added by the local jurisdiction. These electives could be locally or provincially developed courses. Decisions about the priorities of locally-determined program offerings were to be made by the boards of education. There was to be a major decentralization of decision-making. The "Adaptive Dimension" with the inclusion of locally-developed courses would place an additional demand on local resources.

Fourth, the senior matriculation graduation requirements were increased from 21 credits to 24 credits. Before the changes,

> Graduation requirements for Division IV state that the student accumulate 21 credits over three years: five credits at each of the three grade levels and six additional credits. Within those guidelines there are required courses at each level. In grade 10 students must take English, mathematics, science, and social studies. In grade 11 students must take English, and in grade 12 students must take English and an approved social studies. In addition, students are required to take one course from the mathematics-science group at either the grade 11 or grade 12 level. The remaining credit requirements are met by the completion of elective courses (Saskatchewan Education, Saskatchewan Education: Its Programs and Policies, 1984, p. 17).

With the changes, the student was to have a minimum of 8 credits by the end of grade 10, a minimum of 16 credits by the end of grade 11, and a minimum of 24 credits with at least five credits taken at the grade 12 level for graduation. In grade 10, the required courses of study included two language arts, and one in each of mathematics, science and social studies. In grades 11 and 12, a language arts course would be added; and, in grade 12, a Canadian studies course would also be added. To these requirements was to be added the specified areas of study requirements from the grade 10, 11 or 12 course listing of one course in health education/physical education, one in arts education, and two in the practical and applied arts; and from the grade 11 and 12 course listing of two language arts, one mathematics, one science and one social science course. Two unspecified electives in grade 10 and five electives in grade 11 or 12 would be used to bring the program up to the minimum of 24 credits for graduation.

With the expansion from 21 to 24 credits and the extension of required courses of study and specified areas of study, it was recognized that some secondary schools would have difficulty offering the programs. In the middle schools, the requirements of the core curriculum plus guidance, locally-determined options, 50 hours of computer literacy and two courses in the practical and applied arts could offer similar difficulties. Generally, the program changes would have the potential to increase the instructional demands on a school. When coupled with the second language, multicultural, native studies and other course inclusions, the demand would be even more extended.

Although the intent of the curricular changes were to increase the range of courses available to students in the secondary schools, a "required credits dilemma" has arisen as noted in Program Articulation Report of the Minister's Advisory Committee on K-12/Post-Secondary Articulation, 1990:

> The "Required Credits Dilemma" is real and must be addressed immediately. Because students bound for post-secondary study are unable to decide which of several programs they will take, they feel compelled to meet the varied entrance requirements of several. The Core Curriculum has increased the credit requirements for graduation from high school. As a result of the combined effect of increased graduation requirements and complex post-secondary requirements, students have little or no room in their high school program for courses of personal interest to them unless they stay in high school longer than three years (p. 7).

This "dilemma" has increased the demand for course offerings in the secondary schools and expanded the delivery difficulties. The underlying principle of the new curriculum for a comprehensive education adapted to individual needs and interests has become in danger of being lost.

While the above are the major specific changes related to the change in the provincial curriculum for K-12 schools, the most significant changes with respect to this study are related to the expressed goal of the changes and the modifications in the decision-making and organizational parameters associated with the design and delivery of the programs.

Goal of a Broad/General Education

As stated in Directions: The Final Report, the primary goal behind the new curriculum was to "ensure quality education in all schools in Saskatchewan" (p. 7). The Curriculum and Instruction Review Committee noted in their report entitled What They Said - Educational Views of Saskatchewan People, 1984, that "Parents and teachers expressed a wish that education in rural centres be equal in quality to the programs offered in larger communities" (p. 27). Thus, the Committee "agreed that all children in Saskatchewan, regardless of the size of their school or their geographic location, have the right to a broad/general education" (Directions, p. 24). In particular, the Committee noted the problems experienced by rural areas with offering a broad curriculum and a variety of electives. Through the core curriculum, the Committee believed a consistent quality of education could be achieved and many of the difficulties experienced by some schools in delivering programs and services could be overcome.

In addition, the Committee sought to develop provisions that would lead "to the elimination of rural/urban differences in availability of support services" (p. 40).

The goal of ensuring quality education in all schools can be quickly translated into the more demanding goal of providing equality of education opportunities. The issue of equality of educational opportunity in secondary education was clearly identified in Comprehensive Education: A Challenge for Saskatchewan, 1987. The Technical-Vocational Education/ Comprehensive High School Review Committee described the comprehensive high school program in the following manner:

> Comprehensive high school programs were designed to meet the needs and interests of all high school students by making available a broad curriculum offering. The comprehensive high schools were to provide, under one roof, educational programs for all high school students. It was the responsibility of these schools to provide a wide range of electives that would ensure the optimum development of every high school student. These schools were also intended to provide the education necessary to equip the young person in transition from school to employment, to post-secondary vocational preparation, and to the important role of citizen (p. 28).

They noted that the major concerns expressed by parents, students, and teachers associated with small schools was "the lack of facilities, limited course selection, declining enrolments, retention of students, teacher course loads, and an overall lack of equality of educational opportunity" (p. 9). From these expressions of concern, the Committee expressed its belief that "students in small schools have just as much right to expect quality schooling as those in larger schools. Saskatchewan students should have the right to expect equality of educational opportunity" (p. 7). Unless these smaller schools were able to offer more comprehensive programs, the Committee expressed the concern that the larger schools would serve "as magnets to draw students out of smaller community based schools and thereby threatening the identity and even the existence of the community" (p. 8).

From the above, it would appear that among the criteria used to adjudge the adequacy of a school jurisdiction would be its ability 1) to ensure quality education in all schools, 2) to meet the right of students to a broad/general education, and 3) to enhance the equality of educational opportunities.

Decentralization of Educational Decision-Making

The Department of Education, in its document entitled The Adaptive Dimension in Core Curriculum, recognized the major change in the philosophy underlying the development of curricula and the shift toward decentralization in educational decision making. In describing the change in philosophy, the following was provided:

> Adaptation of curriculum content, instructional strategies, and the learning environment is a reflection, in part, of a change in philosophy with respect to the roles, rights, and responsibilities of individuals in our society. Respect

> for human dignity, respect for the right of individuals to make choices regarding their own destiny, and the idea that children are not property but are persons with rights of their own, are concepts that have gained acceptance in the western world in the twentieth century. This shift in philosophical perspective of the larger society has resulted in many changes in education. Parents are becoming more directly involved in the education of their children. Children themselves have become more directly involved in their own learning. The incorporation of a multi-cultural perspective in curriculum, including greater respect for diversity in culture, custom, language, and belief systems has resulted in changes in curricular and instructional practice, and in the relationship between teachers and learners in the classroom (p. 4).

From this change in philosophy, accompanying changes in the decision making and educational theory and practice must be made.

> The shift toward decentralized decision making and the accompanying shift toward the provision of greater autonomy at the school level is part of a major paradigm shift. . . . The concept of purposeful adaptation is one important part of the process of change that is currently taking place in the field of education. Indeed, the changes in education are a part of a larger paradigm shift that has affected many aspects of human thought and action in this last decade of the twentieth century. The shift from the traditional paradigm to the currently evolving paradigm has brought about many significant changes in educational theory and practice . . . (p. 2).

This shift toward decentralization of decision making is congruent with the opinions expressed by parents and trustees in Saskatchewan. In a summary of these views contained in What They Said - Education Views of Saskatchewan People, the Review Committee stated "Parents expressed a desire to have more say in the educational process and more input into the decisions which affect their children. . . . Trustees expressed a desire for parents to have a greater voice regarding what happens in schools" (p. 23). From this the Review Committee concluded "Education for the year 2000 should . . . be a cooperative venture among the school, home, and community" and ". . . it is essential that policy encourage creative initiative at the local level (Directions: The Final Report, pp. 18 & 28).

With the acceptance of some decentralization of educational decision making, the Review Committee recommended a system of locally-developed courses, locally-determined options, provincially developed electives, and alternative programs that would enable boards of education to exercise these decision-making powers and to supervise the development and delivery of local courses of study and programs. The net effect of the adoption of these recommendations would be a greatly enhanced involvement of local school jurisdictions in the design of programs, curricular and instructional development, material selection and development, and the methods of delivery of the educational programs in schools.

The pervasiveness of this press for decentralization of educational decision making and curricular development is demonstrated by the concurrence of the recommendations in Reaching Out: The Report of the Indian and Metis Education Consultations, 1985, with the aforementioned philosophy. For example, the report included the following:

> Recommendation 13: That Northern school boards develop and/or determine methodologies, texts, and other materials which are appropriate for the many rural and Northern Indian and Metis students who speak English as a Second Language/Dialect.
>
> Recommendation 17: That the Department of Education support the local development and production of materials that relate to the unique aspects of particular localities. These materials should also be obtained by the department as a potential source of materials for province-wide utilization.
>
> Recommendation 18: That all levels of the education system provide opportunities for Indian and Metis people to become directly involved in the planning and implementation of education programs for their children.
>
> Recommendation 19: That all urban schools with a substantial Indian and Metis student population institute an on-going program designed to increase parental (particularly Indian and Metis) involvement in the school (pp. 54 & 55).

In order to exercise the authority to develop local courses, to take advantage of the adaptive dimension in the core curriculum, and to develop local materials to the levels advocated in the various reports, a school division must have and could make good and effective use of a supervisor of instruction and a cadre of instructional designers, producers and support staff.

The decentralization of curricular decision making is in some respects belated recognition that, with the decentralization of supervision and evaluation, the decentralization had already occurred de facto. With the shift from provincially-employed superintendents to locally-employed directors of education, there was a corresponding decentralization of the responsibilities for program evaluation and maintenance from the provincial to the local level. Under Directions, the role of school divisions in program evaluation has been expanded.

> Program evaluation has been designated as primarily a school division responsibility. The model charges that each school division develop a plan for the comprehensive review of courses of study in its jurisdiction. This information will be used by the school division to make decisions about the instructional program, provision of materials, professional development activities, and long range plans. It will also provide the basis for recommendations made to the Department of Education on courses of study (Saskatchewan Education: Its Programs and Policies, 1984, p. 35).

In the 1991 report entitled Curriculum Evaluation in Saskatchewan, the collaborative nature of the program evaluation and decision making between the provincial and local levels of administration was confirmed (p. 13). By establishing a evaluation schedule, extending from the years 1992 to 2002, for the proposed curricular changes, the report fosters some urgency for school divisions to get such evaluation plans and resources into place.

Thus, with the decentralization of educational decision making to include

the development and delivery of local courses of study and alternate programs, the local school jurisdictions must have the capacity and resources to exercise its authority and to develop the courses and programs. Similarly, with the extension of local responsibilities to include course and program evaluation, the local school jurisdictions must have the capability to develop and execute evaluation and assessment plans.

Individualized Instruction: The Adaptive Dimension

The adoption of the "Adaptive Dimension" in the new provincial curriculum yields another shift of authority -- in this case, to teachers. The Department of Education has defined the "Adaptive Dimension" in the following manner:

> The Adaptive Dimension refers to the concept of making adjustments in approved educational programs to accommodate diversity in student learning needs. It includes those practices the teacher undertakes to make curriculum, instruction, and the learning environment meaningful and appropriate for each student (The Adaptive Dimension in Core Curriculum, 1991, p. 1).
>
> The Adaptive Dimension in Core Curriculum recognizes that classroom teachers have both the right and responsibility to adopt the learning experiences to fit the needs of learners. To do so, they require the freedom to select appropriate curriculum content, choose effective methods of instruction, structure the learning environment, and evaluate student learning. One of the major purposes of this document is to provide authorization as well as direction to teachers as they strive to ensure that the diverse needs of students are met (p.5).

As mentioned earlier, the concept of the adaptive dimension is derived from a belief in a shift from a traditional paradigm to a new evolving paradigm of educational theory and practice. In the traditional paradigm, instruction was characterized as having the following components: teacher-centered classroom, single assigned textbook, reliance on one instructional approach, and passive learning. This instruction took place in an environment that was competitive, operated under centralized school management, focused on the supervision of learners, and relied on hierarchical structures. In contrast, instruction in the evolving paradigm was characterized as having the following components: a child-centered classroom, resource based learning, multiple approaches to instruction, and active learners. The environment was to be cooperative, operate under school-site management, focus on the empowerment of learners, and rely on professional/collegial structures (p. 3).

To support teachers in this new role, the Department of Education envisaged a school administration that provided "resources and a supportive environment that nurtures collegiality, collaboration, and cooperation among teachers"(p. 3); and an instructional and program model that stressed careful collaborative planning "which may involve consultation with students, parents and other professionals"(p. 10). As outlined in The Adaptive Dimension in the Core Curriculum,

> Networking, consultation, and collaboration with parents and professional colleagues are important ways to enhance the teacher's decision-making effectiveness. Shared responsibility for decision making and delivery of appropriate programming invites classroom teachers, special education teachers, school administrators, other professionals, and support staff to

> contribute to the formulation of an effective adaptation plan. Once the classroom teacher has accumulated sufficient information . . . the appropriate consultation and collaboration with parents, colleagues, and others can occur (p. 25).

This increased emphasis on the adaptation of curriculum to fit the needs of individuals and groups of students, coupled with the introduction of an increased flexibility into the curriculum and into the instructional strategies, will place an increased demand on the resources to be made available within the school and the school division. If the planning is to take place as outlined above, the development of planning teams similar to those required for the development of instructional plans for special education students will be required. Additional special professional personnel and support staff at the division level will be required to assist in the translation of these plans into actual learning experiences for children. The empowerment of teachers and the collegial group to adapt courses and programs to meet local and individual needs has important implications for administration and governance at the school level.

Resource-Based Learning

Among the instructional changes of special interest to this study is the advocated heavy reliance on resource-based learning. As pointed out in Resource-Based Learning: Policy, Guidelines and Responsibilities for Saskatchewan Learning Resource Centres, 1987,

> Two of the most important goals of education in Saskatchewan are to meet the many and varied needs of individual learners, and to develop in students the information processing skills necessary to handle increasing amounts of information and expanding technology. Saskatchewan Education advocates resource-based instruction as a means of achieving both of these goals. Because the learning resource centre is the most effective way of providing materials and services necessary for resource-based learning, Saskatchewan Education affirms the importance of resource centre service (p. 2).

In Saskatchewan Education: Its Programs and Policies, the Department of Education noted the reaffirmation of continuous progress, the inclusion of an expanded definition of literacy in the new goals of education, the adoption of a developmental orientation to curriculum, the focus on the learning of problem-solving and decision-making strategies, and the individualization of instruction demanded extensive use of the learning resource centre and make "Ready access to a wide range of resources and provision of a variety of learning activities . . . imperative"(p. 40).

In the report Toward the Year 2000: Future Directions in Curriculum and Instruction, it was concluded that "the teacher-centred, lecture method of instruction is not appropriate for much of what is found in a futuristic curriculum. A vast amount of information can be made available through the use of technology, and students can learn the skills to access and retrieve information" (p. 27). With the use of this technology, the acquisition of resources outside the walls of the school becomes possible and feasible.

With the need for a wide variety of materials, the adaption of curricula at the school and division levels, and the new technology, it was recommended in Directions: The

Final Report that "A program of provincial, regional, and divisional resources centre services should be established in order to provide the support necessary for effective implementation of services at the school level" (p. 47). It was advocated in Resource-Based Learning: Policy, Guidelines and Responsibilities for Saskatchewan Learning Resource Centres that

> In order to operate an effective resource centre program, every school needs a basic collection. This collection should be expanded and developed to meet the demands of the program and the needs of the teachers and students. The needs of each school will determine the composition of the collection (p. 11).

However, given the number of small schools, the diversity of programs, and the exercise of local prerogatives in course development and the selection of alternative programs, the report recognized the need for rather elaborate divisional resource centres able to meet the following responsibilities:

- resource centre program development, implementation and assessment
- selection of resources
- sharing of resources
- collection development
- provision of technical services
- evaluating and assessing resource centre policies and procedures
- provision of consultative services
- supplement basic collections in individual schools by developing and providing access to a central collection
- ensuring the provision of a basic collection and professional services for very small schools
- developing policies and reciprocal agreements relating to resource sharing, for the supplementing of collections at the school and division level
- cooperating with appropriate outside agencies to ensure wide access to information, materials and services not otherwise available in the schools (pp. 13 & 14).

This divisional resource centre would be staffed by library assistants, library technicians, teacher-librarians and media specialist, and a school library consultant.

Given the goals of the new curriculum, the desire to promote local initiative and development, and the adoption of resource-based learning as the primary instructional strategy, a school division must be able to meet the enhanced demand for instructional resource materials and activities at both the school and division levels.

Distance Education

A recurring theme among the reports submitted to the Minister of Education has been the need to increase our efforts in distance education. In Directions: The Final Report, the Curriculum and Instruction Review Committee identified the delivery of elective courses in the small schools as a major problem and the use of distance education as one of the solutions:

> The problem that rural areas have with offering a wide variety of electives was a primary consideration. The core program will respond to the problem by ensuring that essential skills are taught to all students. The proposed

> curriculum development model will provide guidance for the development of appropriate elective courses, both locally and provincially. Updating of delivery mechanisms will make it possible for small schools to offer a wide variety of electives (p. 35).

The Committee held that this updating should include a variety of delivery mechanisms "ranging from traditional mail-out of correspondence courses to Teledon and interactive television"(p. 31).

In the report on Saskatchewan Children: Their Lives and Needs, the significant increase in the number of students enrolling in the Correspondence School was attributed to a variety of reasons:

> Their reasons for enrolling in the Correspondence School vary and include factors such as time-table conflicts, a desire for extra options, and the inability to attend regular school during the day. A significant number of students register with the Correspondence School because the particular course they want to take is not offered in their local school (p. 14).

While correspondence courses have been the mainstay of distance education in Saskatchewan, the developments in information and communications technology were identified in Toward the Year 2000: Future Directions in Curriculum and Instruction as having the potential to introduce a new age in distance education.

> Information which was once available only by making a trip to the library or some other resource centre will become increasingly available in homes and schools through the use of computers, interactive television, televideo, and other such advances in communications. These technologies will introduce more and more external stimuli into the lives of both adults and children (p. 12).

In its report, the Technical-Vocational Education/ Comprehensive High School Review Committee made a strong case for development in distance education at both the provincial and school division levels.

> Recommendation 26. It is recommended that Saskatchewan Education initiate a consultation process aimed at providing a variety of distance education support services to schools in order to improve comprehensive programming, and that Saskatchewan Education act quickly in co-operation with boards of education to conduct pilot and developmental projects in distance education.
>
> Recommendation 27. It is recommended that Saskatchewan Education, in collaboration with other government departments and the universities, initiate, expand, and develop quality distance education services, including the establishment of Saskatchewan Communications Advanced Network.
>
> Recommendation 28. It is recommended that emphasis in distance education be placed on the development and implementation of quality instructional materials, teacher readiness to use such instruction, and the delivery of distance education by utilizing the resources available at the interprovincial, provincial, and regional levels (Comprehensive Education: A Challenge for Saskatchewan, p. xi).

In the delivery of programs to small high schools, the Committee noted that a variety of ways may be used by school boards: for example, the methods may extend from some combination of in-school and distance education delivery in the home school to the purchase of seats in larger schools for groups of students. At the regional level, the Committee raised the following possibilities:

> . . . distance education might originate from a high school, and, depending on the needs that are expressed by potential users of services, could include mobile laboratories, shops or instructional resource materials; instruction through electronic means such as teleconferencing; and teacher centres and professional development assistance. It is most likely that the larger high schools would be the primary providers of these distance education services. However, the Committee recognized that small high schools can also provide specialized services to other schools (p. 16).

In making its recommendations, the Task Force on Northern Education saw distance education and an expanded role of the larger high school as mechanisms for improving the quality of education available in the North.

> Recommendation 9. It is recommended that northern high school standards be reinforced through the implementation of innovative practices such as distance education to increase the number of options available to northern students, particularly in the sciences and mathematics. It is further recommended that consideration be given to regional high schools in certain areas to offset the effects of low enrollments thereby allowing for greater specialization, increased options, and better facilities (Province of Saskatchewan Northern Education Task Force Report to the Minister of Education, p. 80).

Coupling this advocacy for program delivery through distance education with the call for expanded learning resource centre support for the resource-based teaching, the case for increased use of instructional and communications technology for the delivery of distance education becomes rather persuasive. In addition, given the declining enrolments in schools and the resultant increase in the number of smaller schools, the need for increased centralized support becomes self-evident. To the list of divisional services required, distance education developers and tutors, technicians, and support personnel must be added.

Special Needs

While some of the reports were directed toward special needs and special sectors of our society, other studies with general mandates identified other special needs and forwarded recommendations. The following constitutes a partial listing of the issues and recommendations contained in these reports. The purpose in presenting such a listing is to illustrate the demands on divisional and school services envisaged in these reports.

Indian and Metis Education. In the development of the basic core curriculum and of alternative programs and courses, the Curriculum and Instructional Review Committee drew attention to the need to "respond to the needs of Indian/Native and Northern students in the province" (Directions: The Final Report, p. 36). Among their recommendations were "the development of an Indian/Native studies elective course for use at the secondary level," and "continued development of Native language materials and the continued expansion of Native languages in Saskatchewan schools."

Out of the belief that Indians and Metis "must be given the opportunity to participate fully in the education system at all levels," the following recommendation was developed in Indian and Metis Education Policy from Kindergarten to Grade XII:

> Alternate models of education and school governance may be developed and implemented by public and separate boards of education with the support and assistance of Saskatchewan Education as demonstration projects or as established alternative methods of delivering education to Indian and Metis peoples, e.g. the Saskatoon Native Survival School (p. 7).

Among the special needs of the Indian and Metis identified in the report were the need for the inclusion of Native Studies and Indian language programs in their education. The recommendations contained in The Five Year Action Plan for Native Curriculum Development were reaffirmed in this report.

In the report Education Equity: A Report on Indian/Native Education in Saskatchewan, the Saskatchewan Human Rights Commission agreed with the call for alternate models of education for Indian students and made the following recommendation that, in principle, parallel the least restrictive environment/special facilities provisions for special education students:

> The Department of Education should
>
> 4. Develop policies, guidelines, and funding for alternate forms of education, including alternate programs for students of Indian ancestry, provided students of Indian ancestry have freedom of choice to enter or leave the alternate program and return to, or stay in, the regular school system (p. 2).

In Reaching Out: The Report of the Indian and Metis Education Consultation, recommendations were made for the local development of curriculum for Indian and Metis students (Recommendation 17), for the offering of English-as-a-second- dialect (ESL/D)(Recommendation 12), for the Northern school board to develop texts and materials for ESL/D and make these available to the province (Recommendation 13), and for the introduction of early intervention programs with ESL/D (Recommendation 14). In planning for Indian and Metis students, increased parental involvement was recognized as being key and the report made the following recommendation:

> Recommendation 18: That all levels of the education system provide opportunities for Indian and Metis people to become directly involved in the planning and implementation of educational programs for their children (p. 55).

Thus, these reports envisaged the provision of special services and programs for the Indian and Metis students. The right to choose between alternate and regular programs and facilities was proposed. The introduction of special courses and areas of study in the curriculum, and the provision of special early childhood education services were recommended. Enhanced participation of Indian and Metis in the operation of the schools and in the development of locally-developed courses and

programs of study were called for. All of these changes would again call for greater resources at both the school and divisional level.

Northern education. As already noted, in the report entitled Province of Saskatchewan Northern Education Task Force Report to the Minister of Education, several recommendations were made for the provision of special services and for arrangements for parental involvement.

> Recommendation 1: . . . the development of early childhood education programs for four-year-old children in northern Saskatchewan.
> Recommendation 2: . . . greater emphasis be placed on native languages within the northern school systems.
> Recommendation 4: . . . a school nutrition program . . . be implemented in northern schools.
> Recommendation 5: . . . standards for school and community recreational facilities and programming.
> Recommendation 6: . . . parents should be encouraged to become involved in the school system.
> Recommendation 7: . . . a guidance counselling program.
> Recommendation 9: . . . high school standards be reinforced.
> Recommendation 10: . . . day care be provided in schools for students who are parents of young children where numbers and need merit the service. It is further recommended that classes in parenting skills and responsible personnel and social behavior be included as part of this day care initiative.

Again, the call is for increased services - some of these services being in areas not traditionally the responsibility of the public schools.

Comprehensive education. In addition to the previously mentioned appeal for reaffirmation of the philosophy of a comprehensive education, the recommendation that the rights of students be extended to equal quality education and the recommendation on distance education, the Technical-Vocational Education/ Comprehensive High School Review Committee has called for the use of outside agencies and community resources to extend the schools programs, for career guidance and counselling services for all students including those in elementary and middle schools, and for enhanced school health and safety standards. Several other reports contain the same recommendation for career guidance and counselling services.

Multicultural education. In its report entitled Multiculturalism in Saskatchewan: The Report of the Task Force on Multiculturalism, the Task Force called for "school boards (to) develop and implement multicultural education programs." It also recommended "that the Department of Education ensure that school boards make facilities and instructional equipment available to all heritage language classes at no cost."

Heritage languages. In the Report of the Minister's Advisory Committee on Heritage Languages, a series of recommendations are made to greatly enhance the status of the teaching of heritage languages within the instructional program and to assign responsibility for heritage languages to school boards.

> The Department of Education must publicly sanction heritage language instruction. It must also be made perfectly clear that this is a right of

parents (p. 2).

> Recommendation 2: It is recommended that the Department of Education assume responsibility for all preschool and out-of -school, as well as K-12 language education in the province. . . . We urge that the Department of Education take the responsibility for all language education in Saskatchewan and work with local school boards to achieve this end (pp. 30-31).
>
> Recommendation 3: It is recommended that a second language, which may be a heritage language, a native Canadian language or an official language, be part of the compulsory core curriculum (p. 31).
>
> Recommendation 7: It is further recommended that existing regulations be modified to permit early full immersion programs in heritage languages.

Summary. While the above recommendations for additional and special services may all be fully justified and justifiable, the net effect of their implementation would be to impose additional demands on the services of the schools and school divisions. With the adoption of the core curriculum and the decentralization of educational responsibility for the adaptive dimension, the boards of education will increasingly become the focus of the efforts of individuals and groups to effect changes in the educational programs of schools. These local jurisdictions will require the resources to respond to legitimate requests arising from an increasingly heterogenous context and society.

Summary and Conclusions

The following is a brief summary of the conclusions reached around the selected themes in the educational and curricular context of K-12 education in Saskatchewan.

Goal of a broad/general education. Given the goals of the new curriculum, it would appear that among the criteria that should be used to adjudge the adequacy of a school jurisdiction would be its ability 1) to ensure quality education in all schools within its jurisdiction, 2) to meet the right of students to a broad/general education, and 3) to enhance the equality of educational opportunities.

Decentralization of educational decision-making. With the decentralization of educational decision making to include the development and delivery of local courses of study and alternate programs, the local school jurisdiction must have the capacity and resources to exercise its authority and to develop the courses and programs. Similarly, with the extension of local responsibilities to include course and program evaluation, the local school jurisdiction must have the capability to develop and execute evaluation and assessment plans.

Individualized Instruction: The Adaptive Dimension. The increased emphasis on the adaptation of curriculum to fit the needs of individuals and groups of students, coupled with the introduction of an increased flexibility into the curriculum and into the instructional strategies, will place an increased demand on the resources to be made available within the school and the school division. If the planning is to take place as advocated in the model, the development of planning teams similar to those required for the development of instructional plans for special education students will be required. Additional special professional personnel and support staff at the division level will be required to assist in the translation of these plans into actual learning experiences for children. The empowerment of teachers and the collegial group to adapt courses and programs to meet local and individual needs has important implications for administration and governance at the school level.

Resource-based learning. Given the goals of the new curriculum, the desire to promote local initiative and development, and the adoption of resource-based learning as the primary instructional strategy, a school division must be able to meet the enhanced demand for instructional resource materials and activities at both the school and division levels.

Distance education. Coupling the advocacy for program delivery through distance education with the call for expanded learning resource centre support for the resource-based teaching, the case for increased use of instructional and communications technology for the delivery of distance education becomes rather persuasive. In addition, given the declining enrolments in schools and the resultant increase in the number of small schools, the need for increased centralized support becomes self-evident. To the list of divisional services required, distance education developers and tutors, technicians, and support personnel must be added.

Special needs. The special needs identified for Indian and Metis education, northern education, comprehensive education, multicultural education, and heritage languages were listed. If these needs were to be met, the net effect of the implementation would be to impose heavy additional demands on the services of the schools and school divisions. With the adoption of the core curriculum and the decentralization of education responsibility for the adaptive dimension, the boards of education will increasingly become the focus of the efforts of individuals and groups to effect changes in the educational programs of schools. These local jurisdictions will require the resources to respond to legitimate requests arising from an increasingly heterogenous context and society.

The Changing Demography of the Province and the Educational System

The size and composition of the school age population are major determiners of the extent and nature of the demands placed on the school system. In large part, the problems and issues to be addressed in this report are directly or indirectly attributable to the dramatic changes that have occurred in the size, composition and geographic distribution of this population. The purpose of this section is to describe the changes in the demography of the province and the education system.

Population and Enrolment Trends

As the total population of the Province of Saskatchewan shifted from nearly one million people in 1930 to about 900 thousand people in 1951, then, back up to over a million people in 1991, as shown in Table F-1 and Figure F-1, there were corresponding shifts in the provincial school enrolments from 230,492 students in 1930-31 to 166,962 and 195,954 in 1950-51 and 1991-92, respectively. However, in comparison to the 1930 enrolments, the 1991 enrolment figures showed two major changes. First, while there may have been equal numbers in the total population, the total school enrolment had dropped by 34,538 students, thereby reflecting a shift within the age structure of the population. Also, the enrolment shift from the high enrolment year of 1970-71 with 247,968 students to the current level of nearly 52,000 fewer students reflected the passage of the post-war baby boom through the education system.

The second major change in the enrolment figures between 1930 and 1991 has been in the geographic distribution of the population. While the total enrolment has decreased by 34,538 students, the enrolment in the cities has grown by 66,718 students and declined by 101,256 students in the town, villages and rural areas. As shown in Table F-2 and Figure F-2, over the past twenty years, the populations in the towns and cities have grown by 17.0 and 30.7 percent, respectively, and in the villages and rural municipalities have decreased by 17.0 and 20.0 percent. The urban areas have grown by 145,472 people and the rural areas have declined by 70,405 people. The highest growth rate occurred on the Indian Reserves: an increase of 28,042 people or 80.6 percent.

When the shift in the age structure was combined with the shift in the geographic distribution of the population, the resultant effects on school enrolments have been shown in Table F-3 and Figure F-3 and F-4. Between 1971 and 1991, while the total enrolment in the province declined by 47,727 students or 20.0 percent, the enrolments in rural school divisions declined by 38,590 students or 31.7 percent. The loss of 3,400 students in the town and village school divisions represented an even greater decline of 44.9 percent. Even in the city school divisions, where the population had grown by over 120,000

Table F-1

Enrolments: 1930 to 1991

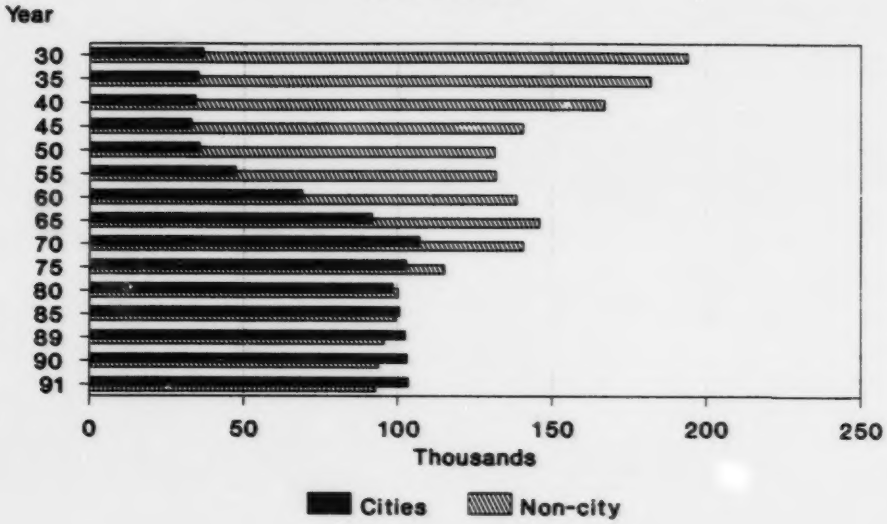
	Total	City	Other
1930-31	230,492	36,530	193,962
1935-36	217,247	35,054	182,193
1940-41	201,310	34,101	167,289
1945-46	173,559	32,769	140,790
1950-51	166,962	35,425	131,537
1955-56	179,166	47,124	132,042
1960-61	207,572	68,893	138,679
1965-66	237,719	91,586	146,133
1970-71	247,968	107,092	140,876
1975-76	217,837	102,678	115,159
1980-81	198,527	98,359	100,168
1985-86	199,909	100,555	99,354
1989-90	198,025	102,426	95,599
1990-91	196,566	102,898	93,668
1991-92	195,954	103,248	92,706
Change	-34,538	+66,718	-101,256

Source: Saskatchewan Education

Figure F-1

Saskatchewan Enrolments

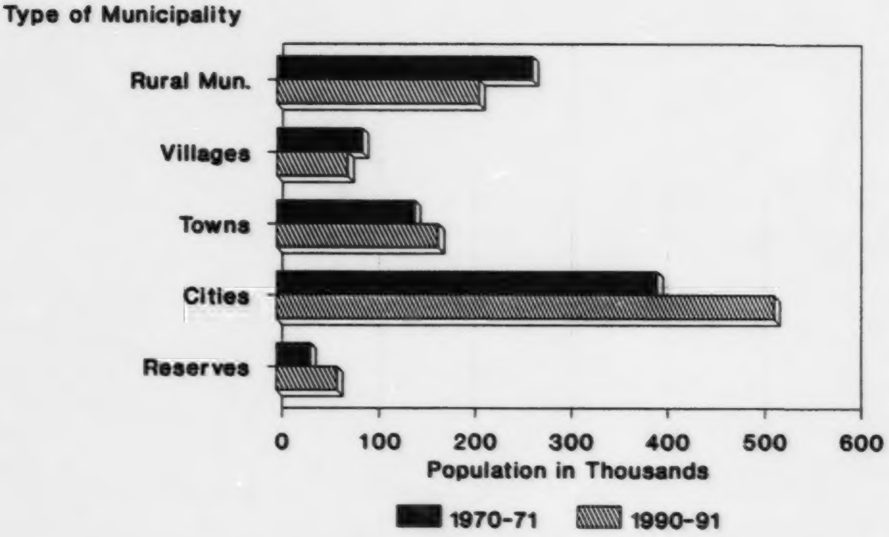
(1930-1991)



Saskatchewan Education

Figure F-2

Sask Urban-Rural Population Shift



Saskatchewan Hospital Services Plan

Table F-2

Urban-Rural Shift in Population: 1970-1990

	1970-71	1990-91	Diff.	% change
Rural Mun	264,939	209,557	-55,382	-20.9%
Villages	88,392	73,369	-15,023	-17.0%
Towns	143,344	167,705	24,361	+17.0%
Cities	394,782	515,894	121,112	+30.7%
Reserves	34,785	62,827	28,042	+80.6%
Total	926,242	1,029,352	103,110	+11.1%

Source: Saskatchewan Hospital Services Plan

Table F-3

Enrolments: 1971-72 to 1991-92

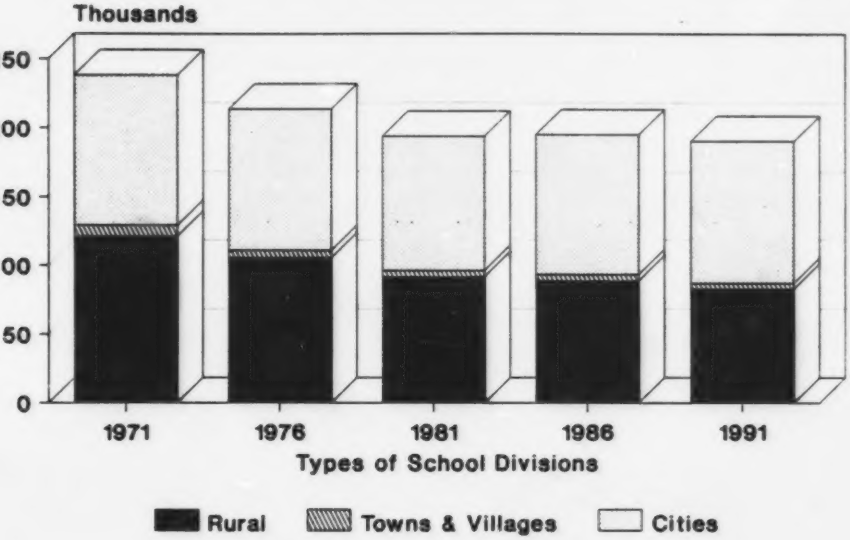
Year	Rural	Rural Town & Village	Cities	Total	North.
1971-72	121,671	7,579	108,985	238,235	5,470
1976-77	105,618	5,233	102,925	213,776	**
1981-82	91,869	4,477	97,277	193,623	**
1986-87	88,835	4,648	101,411	194,894	5,311
1991-92	83,081	4,179	103,248	190,508	5,446
Change N	-38,590	-3,400	-5,737	-47,727	-24
%	-31.7%	-44.9%	-5.3%	-20.0%	-0.4%

** Data not available
Source: Saskatchewan Education

people during the period under review, there has been an enrolment decline of 5.3 percent or 5,737 students. The enrolment in the northern areas has remained relatively unchanged.

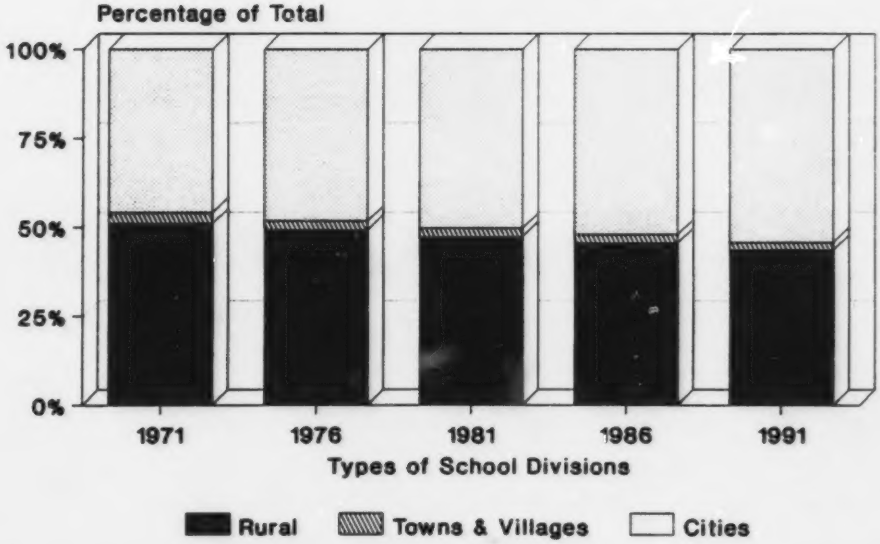
As shown in Figure F-5, when the changes in enrolments from 1976 to 1990 are broken down by grade grouping and type of jurisdiction, major shifts in the composition of the enrolments within and among jurisdictions can be noted. Perhaps the most dramatic are the declines in the rural school divisions. While the total provincial enrolment in the primary grades has grown by 989 students, the rural divisions have experienced a decline of 4,539 students. Of the 14,912 student decline in the total provincial enrolment in the middle grades, 11,553 were lost in the rural jurisdictions. At the secondary grade level, while the city public and separate systems enjoyed increases of 534 and 667 students, respectively, the rural divisions lost 5,198 students and the comprehensive schools lost 1,048 students. The

Figure F-3
Enrolment Shifts(1971-91)



Excludes Northern Boards

Figure F-4
Enrolment Shifts(1971-91)



Excludes Northern Boards

total secondary grade level loss was 5,464 students.

When the time period is reduced to the past four years, the same patterns of enrolment changed experienced over the past 15 years are evident. As shown in Table F-4 and Figure F-6, while the provincial total enrolment has declined by 2.1 percent, from 200,158 students in 1988 to 195,954 in 1991, the enrolment in the rural school division has declined by 4,288, or 4.91 percent, from 87,369 in 1988 to 83,081 in 1991. Although the percentage losses were high in the village and town divisions, 11.90 and 5.75 percent, respectively, the total loss was only 381 students. As shown when the total enrolments of the rural, village and town school divisions in 1988 and 1991 were compared, the decline in enrolments has continued in these jurisdictions However, with a loss of 236 students, it would appear that the enrolments in the city school divisions have remained relatively static. The anomalous growth of 13.82 percent in the enrolments in the comprehensive school divisions can be largely explained by the inclusion of lower grade levels in the student population served and by the transfer of more students from the surrounding rural jurisdictions to the comprehensive school for their secondary education. When the combined enrolments of the urban and comprehensive school divisions for 1988 and 1991 were compared, the increase of 276 students represented only a 0.27 percent increase. The northern school divisions experienced an enrolment increase of 3.60 percent or 189 students. It would appear that the so called "baby boom echo", if it exists, has not compensated for the continued decline in the non-city population, and the negative net immigration rates for the province have nullified expected increases in the population of the cities owing to the rural-urban population shift.

Table F-4

Enrolment changes: 1988-1991

Division	1988 Total	1991 Total	Difference	% change
Rurals (R)	87,369	83,081	-4,288	-4.91%
Villages (V)	1,933	1,703	-230	-11.90%
Towns (T)	2,627	2,476	-151	-5.75%
Cities	99,266	99,030	-236	-0.00%
Comprehensives	3,706	4,218	512	+13.82%
Northern	5,257	5,446	189	3.60%
Province	200,158	195,954	-4,204	-2.10%
Total - RVT	91,929	87,260	-4,669	-5.08%
Total - Urban	102,972	103,248	276	0.27%
Total North.	5,257	5,446	189	3.60%

By classifying the enrolment changes on the basis of being in rural, village, town, city or comprehensive school divisions, the above description fails to reveal the different experiences within these classifications. As shown in Table F-5, the enrolment changes within these categories were as variable as the changes between and among the categories.

While the rural school divisions had an enrolment decline of 4.91 percent between 1988 and 1991, seven of the 60 school divisions had enrolment increases. Swift Current, Buffalo Plains and Indian Head School Divisions had increases over the four years of 22.3, 8.46 and 5.71 percent, respectively. On the other hand, 51 of the rural divisions had decreases. Leader, Blaine Lake, Kamsack, Deer Park and Hudson Bay School Divisions experiences losses of 24.03, 20.43, 19.20, 18.23 and 16.50 percent, respectively.

Among the town and village school divisions, Humboldt Public, Humboldt Separate, Unity Separate, St. Olivier Separate and Grand Coulee had enrolment increases. However, the school divisions of Gray, Mankota Separate, Paynton, St. Alphonse, Wilcox Public and Mathieu Separate had declines in enrolment of over 15 percent. Among the city divisions, the enrolment changes ranged from an increase of 17.6 percent in the Swift Current Separate School Division to a decline of 19.65 and 15.07 percent in the Swift Current Public School Division and the Estevan Separate School Division, respectively.

Table F-5

Percentage Change in School Division Enrolments: 1988-1991

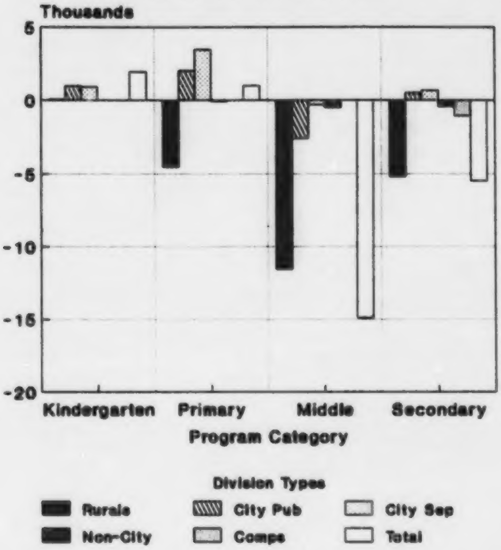
	Percentage Change									
	Minus					Plus				N
School Divisions	15+	10-15	5-10	0-5	0	0-5	5-10	10-15	15+	
Rural	5	7	22	17	2	4	2	0	1	60
Village	6	4	1	1	2	0	2	1	0	17
Towns	1	1	3	0	0	2	0	0	0	7
Cities	2	2	5	5	0	4	4	0	1	23
Comprehensive	0	0	1	0	0	1	0	0	2	4
Northern	0	0	0	0	0	1	0	2	0	3
Prov.	14	14	32	23	4	12	8	3	4	114

The above information clearly illustrates the extremely volatile and complex nature of enrolment changes within the school divisions over the past four years. Overall, 83 of the 114 school divisions experienced enrolment declines between 1988 and 1991. Of these, 28 divisions had declines of over 10 percent and 14 had declines of over 15 percent. Twenty seven school divisions had enrolment increases. Seven had increases of over 10 percent and four had increases of over 15 percent. **Coupling this volatility with the enrolment shifts over the past 47 years (since the last fundamental jurisdictional review in 1944), the enrolment declines over the past twenty years, and the projected trend of lower enrolments over the next twenty years, it is clear that the implications of these demographic changes in the school age population for the delivery of educational services and the organization of school jurisdictions must be addressed.**

Figure F-5

Changes in Enrolments: 1976-90

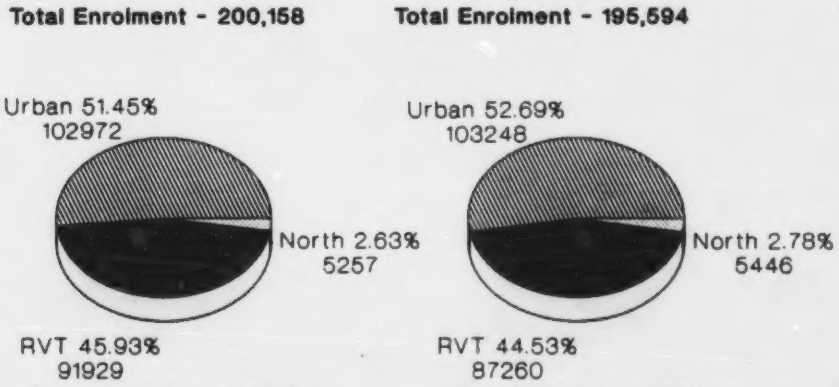
By Type of School Division



Excludes designated High Cost pupils

Figure F-6

Enrolments 1988 vs 1991



Enrolments - 1988

Enrolments - 1991

RVT includes rurals, villages and towns

Size of Enrolments in School Divisions

As a result of the aforementioned population and enrolment changes, the sizes of the various school divisions have undergone major changes. For example, the Larger School Units were established in 1944 under the guideline of having approximately 2,000 students. As shown in Table F-6 and Figure F-7, this provision was still generally met in 1961-62: 34 of the 56 rural jurisdictions had over 2,000 students, 22 had less than 2,000 students and, of these, only four had fewer than 1,500 students. However, by 1991-92, only seven of the 60 rural jurisdictions had over 2,000 students. While none of the jurisdictions had under 1,000 students in 1961, by 1991, 15 jurisdictions had enrolments of less than half of the criterion number set in 1944.

Table F-6

Size of Rural School Divisions by Enrolment: 1961-1991

Year	Average Enrolment	Distribution Under 500	500 1000	1000 1500	1500 2000	2000 2500	2500 3000	3000+
1961-62	2,182	-	-	4	18	21	8	5
1966-67	2,215	-	-	3	17	25	10	5
1971-72	2,028	-	-	10	25	12	8	5
1976-77	1,760	-	5	16	23	10	4	2
1981-82	1,531	-	7	25	18	5	4	1
1986-87	1,481	-	10	25	16	5	3	1
1991-92	1,385	-	15	30	8	3	3	1

While the above example was of rural school divisions, inspection of Table F-7 would show that the low enrolments in some village, town and city jurisdictions pose a greater problem. In 1991, all 17 of the village school divisions have enrolments of under 500 students: none of the rural divisions fell into this category. Six out of the seven town divisions have enrolments of under 500: Humboldt Separate School Division with 593 students is the only town division to fall outside the under 500 category. Six city school divisions have under 1,000 students: four of these have enrolments of under 500. Of the 114 school divisions, 29 divisions, or 25.4 percent, have fewer than 500 students; 20 divisions, or 17.5 percent, have more than 500 but fewer than 1,000 children; and, 35 divisions, or 30.7 percent, have more than 1,000 but fewer than 1,500 students. Thus, 84 school divisions, or 73.7 percent of the total number of school divisions, have fewer than 1,500 children. Only 11 school divisions in the entire province have enrolments of more than 2,500 students. **Thus, a major feature of Saskatchewan's educational scene in 1991 is the high proportion of very low enrolment school divisions.**

Table F-7

Enrolments by Type of School Division: 1991

		Enrolment					
	N	<500	501-1000	1001-1500	1501-2000	2001-2500	>2500
Rural	60	0	15	30	8	3	4
Village*	17	17	0	0	0	0	0
Towns	7	6	1	0	0	0	0
Cities**	23	4	2	4	4	2	7
Compreh.	4	0	2	1	1	0	0
Northern	3	2	0	0	0	0	1
Total	114	29	20	35	13	5	12

* Lemburg and Neudorf = Valley View
** Lloydminster, Saskatchewan population only

In order to demonstrate that the problem of very low enrolment school jurisdictions is not just a problem encountered in rural jurisdictions but is endemic to the system, the average size and the range in sizes of the school divisions in the various geographic categories have been presented in Table F-8 and Figure F-10. Inspection of the data on "rural" and "other cities" divisions would show that, while the school divisions in the cities other than Saskatoon and Regina have an average enrolment slightly greater than the average for the rural divisions, several city divisions are smaller than the smallest rural divisions. Only the largest urban division outside of Saskatoon and Regina, the Moose Jaw Public School Division with 5,020 students, is larger than the largest rural division, the Saskatchewan Valley School Division with 4,279 students. The averages of 100 and 354 students in village and town jurisdictions, respectively, bring into question the viability of these jurisdictions. Indeed, the averages and the ranges in the size of school divisions across the categories demonstrate that the problem of low enrolments occurs in all categories of school jurisdictions and is not just a rural problem.

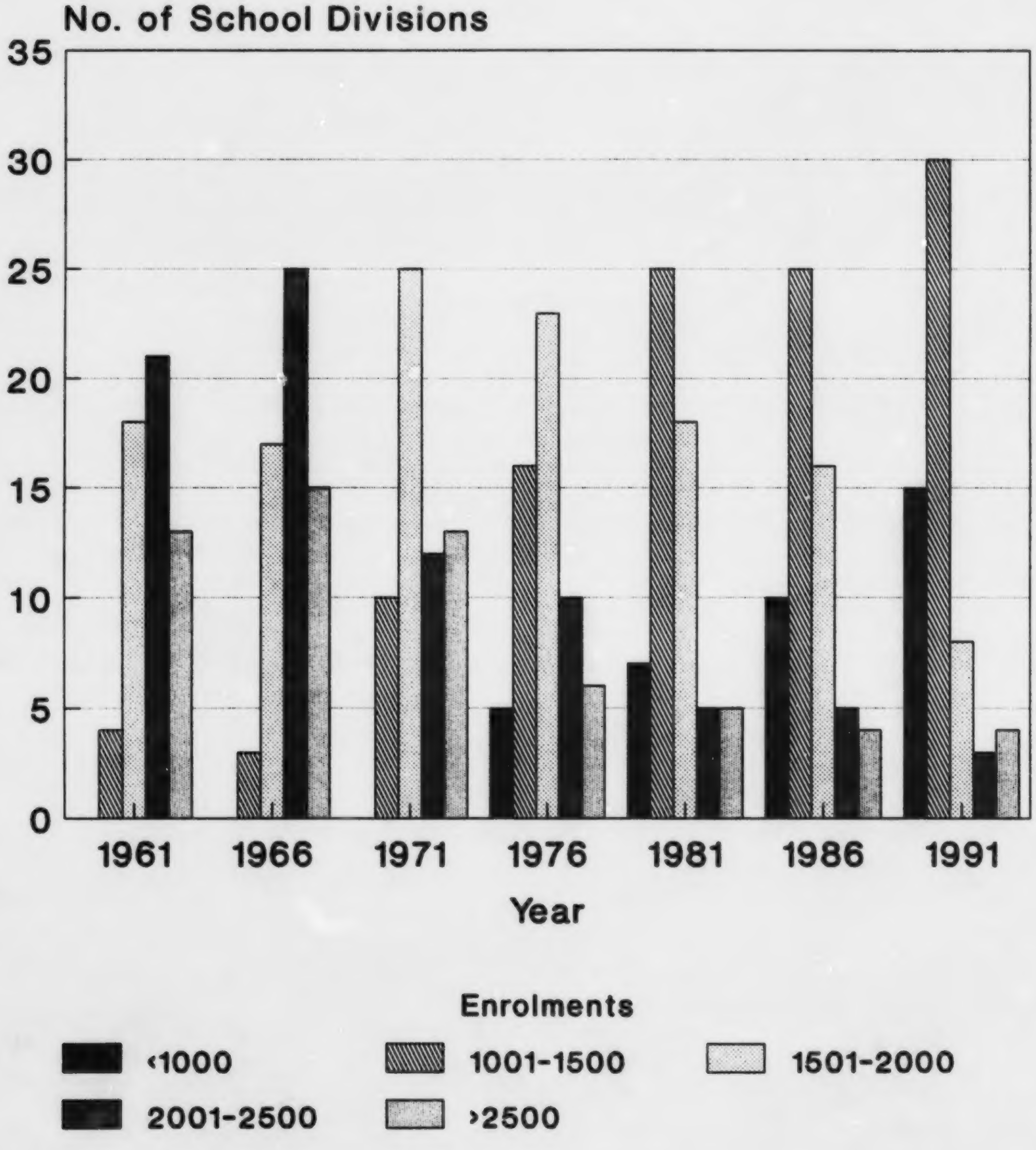
Table F-8

School Division Size: 1991

School Division	Average	Range	Total
Rurals	1,385	507 - 4,279	83,081
Villages	100	0 - 248	1,703
Towns	354	212 - 593	2,476
Regina-Saskatoon	17,307	9,953 - 24,346	69,226
Other Cities	1,569	294 - 5,020	29,804
Comprehensive	1,055	580 - 1,645	4,218
Northern Boards	1,815	413 - 4,565	5,446

Evidence of the dramatic effect of the decline in enrolments on the number, size and organization of the schools within the school divisions has been presented in Tables

Figure F-7
Rural School Division Size By Enrolment



Saskatchewan Education

Figure F-8
School Division Size By Enrolment

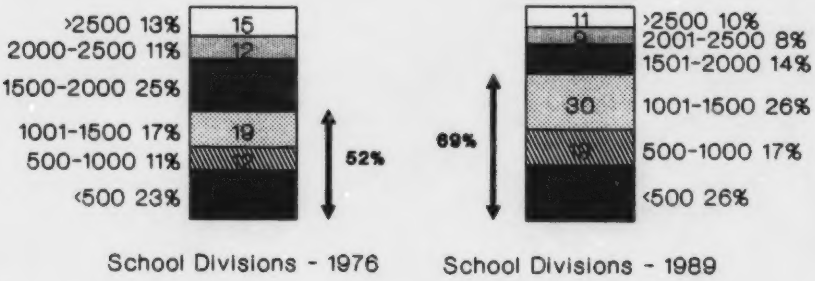


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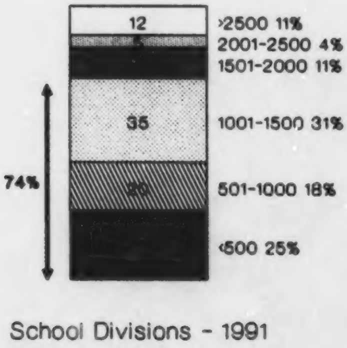
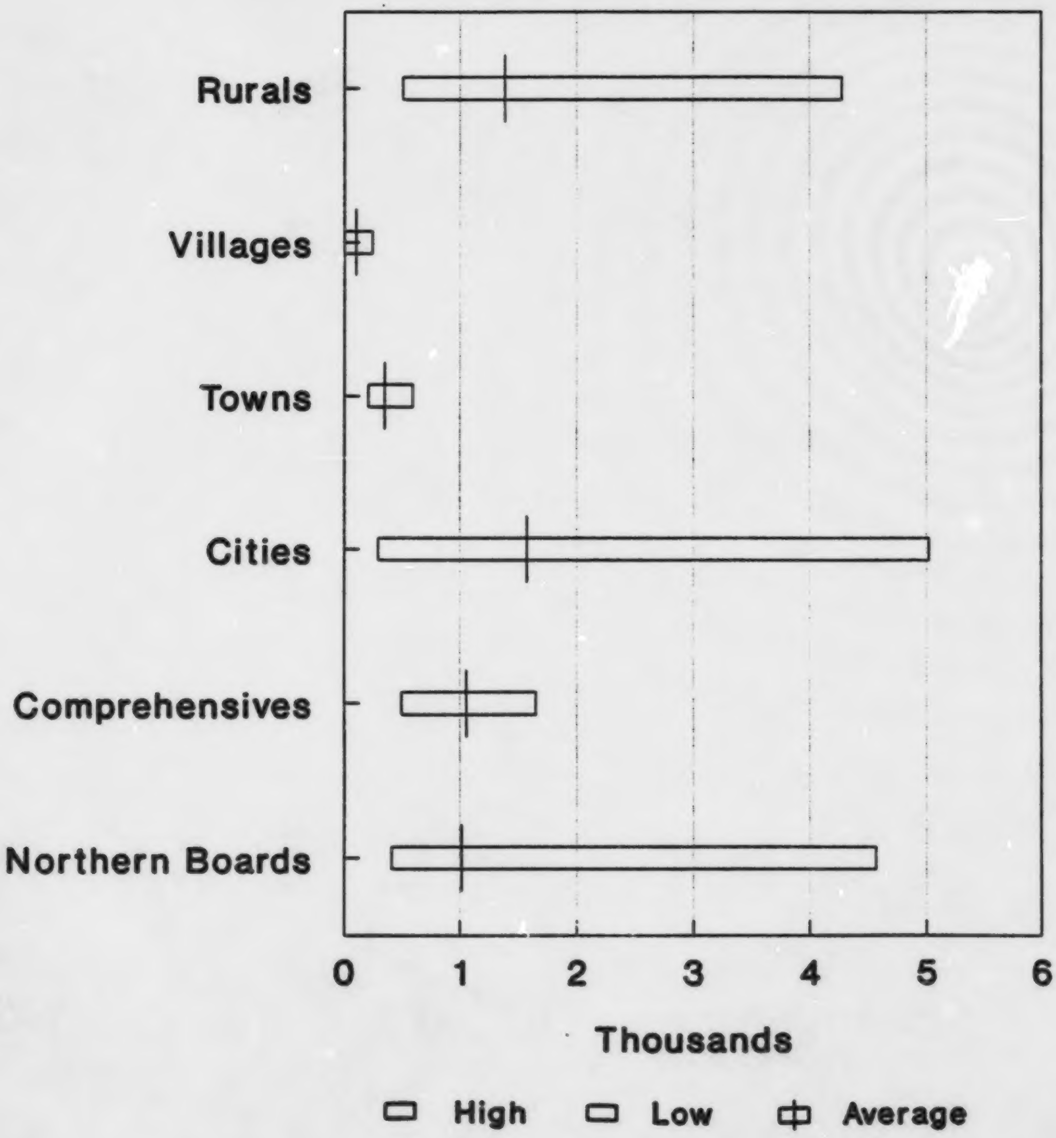
Figure F-9
School Division Size By Enrolment



Saskatchewan Education

Figure F-10
School Division Size By Type
September, 1991



Excludes Regina and Saskatoon

Saskatchewan Education

C-5 to C-7 in the chapter on Capital Funding. With the closure of 106 schools from the 967 schools in 1979 to the 861 schools in 1990, the decline in the number of schools has been directly correlated to the decline in enrolments. Inspection of Table C-6 would show that among the objectives of the closures have been to bring more students and more grades into one school setting. The shift has been away from K-6 and narrow elementary and secondary grade range schools to K-8 and K-12 schools. With these changes, the median sized school has grown from approximately 176 students in 1979 to 196 students in 1990. The school divisions have been making major internal adjustments to meet the enrolment changes.

Thus, it would appear from the above description that the enrolment sizes of many of the school divisions in the Province of Saskatchewan have reached or are approaching the enrolment sizes more commonly associated with schools and not school jurisdictions. With nearly three quarters of the divisions having enrolments under 1,500, and one quarter having fewer than 500, it has become apparent that major adjustments must now be made among school divisions.

Population and Enrolment Projections

Using 1989 population estimates as the base, and taking into account emerging trends, Statistics Canada has developed projections of the Canadian and provincial populations to the year 2011 (Statistics Canada, Population Projections for canada, Provinces and Territories: 1989-2011, 1990). From these projections, four plausible twenty-year scenarios were adopted, and the projections for these scenarios presented. As stated in the document:

> The selection was made on the basis of a variety of considerations, the primary one being the need for a combination of assumptions that would reflect a continuation of current trends. With this objective, a scenario which incorporates the most recent course of events (Projection 3) was first selected. The other scenarios . . . were selected to provide a plausible range of growth possibilities in each province and for Canada as a whole (pp. 25-26).
>
> The selected projections circumscribe three growth scenarios: "high growth", "medium growth" and "low growth". At the national level, the high growth scenario combines an upturn in fertility and an immigration level of 200,000 per year (Projection 4). The medium-growth scenario assumes a constant fertility rate of 1.67 births per woman, and immigration of either 200,000 per year (Projection 3) or 140,000 per year (Projection 2). Finally, a level of immigration of 140,000 per year combined with a fertility rate of 1.2 births per woman yields the low-growth scenario (Projection 1). The mortality assumption is the same in all projections . . . . Considering the internal migration assumption, only minor changes in the overall distribution of population among the provinces and territories are expected until 2011 (p. 29).

In his assessment of the population projections, J. Perreault, the author of the report, came to the following conclusions:

> Two phenomena are likely to dominate the nation's demographic future: first, a slowdown in population growth followed by a decline in population size if the current demographic trends persist; second, a profound change in the age

> structure of an increasingly older population. The evolving demographic trend -- the drastic slowdown in growth and the ageing of the population -- will have major implications for a wide range of social and economic policy sectors. The issue of transfer of resources from the young to the elderly is but one (p. 44).

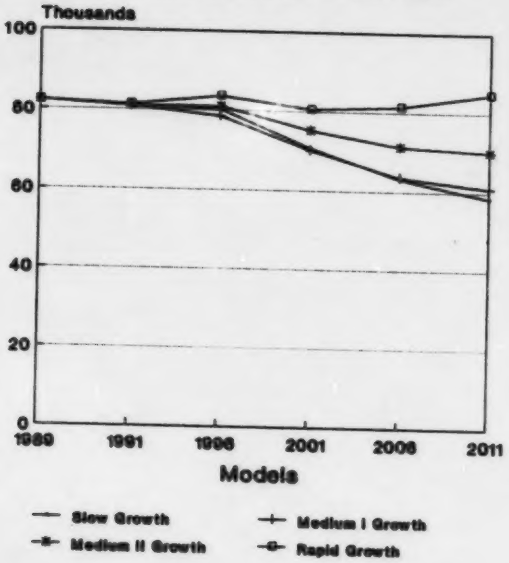
The four population projections have been presented by age groupings in Table F-9 and Figures F-11 to F-14. Under the low projection (Projection 1), the provincial population would show a slight increase of 53.6 thousand people over the 20 year period. However, the total school-age population would decline by 3 percent by the year 2001 and by 19 percent by 2011. This would represent a difference of 43,800 students between the 235,100 school-aged children in 1989 and the 191,300 children in 2011. Under this projection, the decline in student enrolments would be very similar to that experienced in Saskatchewan over the past twenty years (see Table F-3). If the same pattern of loss within the province is repeated, the rural school divisions can expect a further enrolment decline of 30 percent, the towns and villages a decline of 40 percent, and the cities a decline of five percent. **Under Projection 1, by the year 2011, the average size of the rural, village and town school divisions would decline from 1,385 to 970, 100 to 60, and 354 to 212 students, respectively. Excluding Saskatoon and Regina from the calculations, the city school divisions would decline from 1,569 students to an average size of 1,491 students.**

Table F-9

Population Projections for Year 2011
(in thousands)

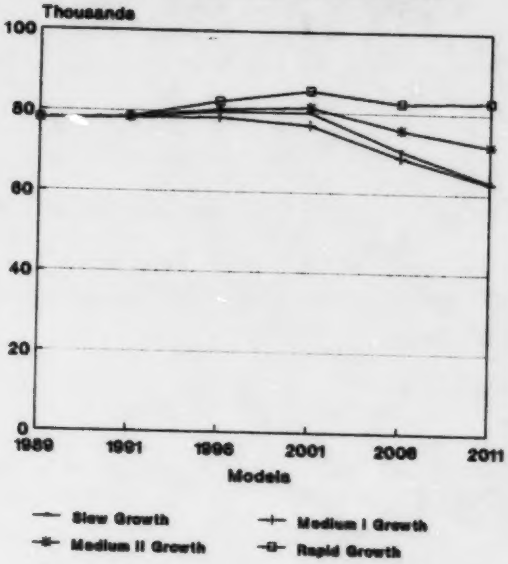
Age Group	1989	Low	Low/Medium	Medium	High
0-4	84.6	55.7	61.0	69.8	87.5
5-9	82.2	58.5	60.9	70.2	84.8
10-14	78.0	63.1	62.8	72.1	82.9
15-19	74.9	69.7	67.1	75.3	83.1
20-24	75.0	76.4	70.6	79.0	87.7
25-29	86.2	74.7	67.9	77.8	87.6
30-34	83.6	71.5	63.5	75.2	85.7
35-39	71.8	68.8	60.1	72.5	81.8
40-44	59.0	70.0	61.4	73.2	81.0
45-49	47.3	77.7	69.8	79.9	86.8
50-54	42.9	79.3	73.3	80.6	85.9
55-59	43.3	72.7	68.5	73.6	77.2
60-64	43.2	60.5	57.5	61.2	63.0
65-69	41.3	44.8	42.9	45.5	46.8
70-74	35.2	35.5	34.2	36.1	37.5
75-79	27.2	29.9	28.9	30.3	31.6
80-84	17.3	24.3	23.5	24.5	25.7
85-89	9.3	16.5	16.0	16.6	17.5
90+	4.7	11.1	10.9	11.2	11.7
Total	1007.0	1060.6	1000.8	1124.6	1245.5

Figure F-11
Projected Saskatchewan 5-9 Population
Slow, Medium, and Rapid Growth Models



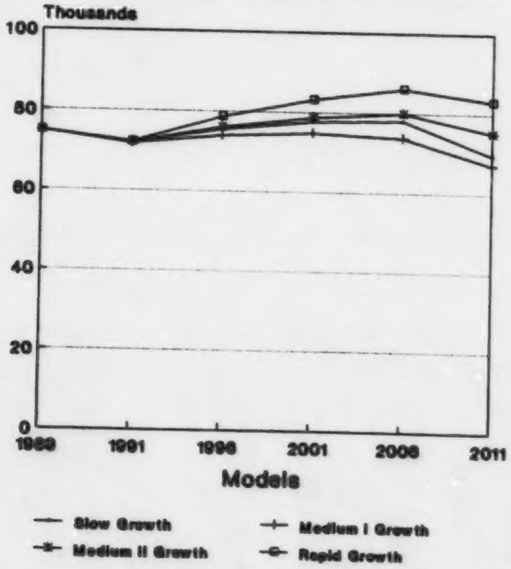
Statistics Canada

Figure F-12
Projected Saskatchewan 10-14 Population
Slow, Medium, and Slow Growth Models



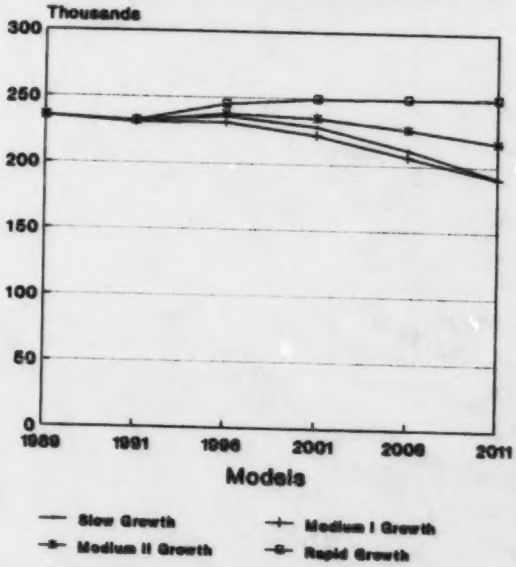
Statistics Canada

Figure F-13
Projected Saskatchewan 15-19 Population
Slow, Medium, and Rapid Growth Models



Statistics Canada

Figure F-14
Saskatchewan School Age Population
Slow, Medium, and Rapid Growth Models



Statistics Canada

Under Projection 2 (Low/medium Growth), owing to differences in the assumptions on internal immigration patterns that yield a slight decrease in the provincial population, the school-age population results are almost identical to those posited under Projection 1 (Slow Growth). The total school-aged population would decline by 19 percent from the 235,100 children in 1989 to 190.8 children in 2011: a decline of 44,300 children. **Similarly, under Projection 2, the average school division size would decrease to approximately 970 students in the rural divisions, to 60 and 212 students in the village and town divisions, respectively, and to 1491 students in the city divisions outside of Saskatoon and Regina.**

Under Projection 3 (High/medium Growth), although the total provincial population would increase by 117,000 people, the school-aged population would decline from 235,100 in 1989 to 217,600 in 2011: a decline of seven percent or 17,500 students. Even under this optimistic projection, **the average school division size would decline in the rural divisions by 17.0 percent to 1,150 students, in the village and town divisions by 29.8 percent to 69 and 245 students, respectively, and in the city divisions outside of Saskatoon and Regina by two percent to 1,538 students.**

Under Projection 4 (High Growth), the provincial population would grow by 238,000 people, or 23.7 percent, and the school-aged population in Saskatchewan would increase from 235,100 in 1989 to 250,800 in 2011. This would be a school-aged population increase of seven percent or 15,700 students. Under this projection and assuming the long-term trend of rural-urban shift in the province, the average school division size would increase by six percent in rural divisions, four percent in village and town divisions, and 10 percent in city divisions. This would give average sizes of 1,468 for rural divisions, 104 for village divisions, 368 for town divisions, and 1,726 for the city divisions outside of Saskatoon and Regina. **Thus, even within the most optimistic growth projection for the province, there is little hope for the demographic salvation of the current school jurisdictions.**

The above Statistics Canada projections assumed long-term interprovincial migration patterns that reflected scenarios of movements to Ontario or the westward shift to British Columbia. However, when recent Province of Saskatchewan net immigration rates were applied to provincial Hospital Services' data, the results obtained by SASK-TREND MONITOR were quite different. If a zero net immigration rate was experienced, the provincial population in 2004 would be approximately 1,140,000 people. If the provincial 1986 net outflow rate of 14,000 people was maintained until the year 2004, the provincial population would decline to under 950,000 people: a decline of over 0.6 percent per year. If the 1989 outflow rate of 23,700 was the norm over the next 13 years, the provincial population would dip below 800,000 in the year 2004.

While the information on net immigration rates for the Province of Saskatchewan contained in Table F-10 raises suspicion in the consultants that the rates used by SASK-TREND MONITOR were overestimates of the actual net loss and raises into question the validity of assuming a constant net immigration rate, the recent reported rates of -13,300 people in 1987-88 and -16,600 in 1988-89 are far higher than the long term rate of -3,500 people used in Statistics Canada's projections.

Table F-10

Saskatchewan Net Immigration Rates: 1951-89

Year	Net (000)	Year	Net (000)
1951	-16.7	1985	-1.4
1961	-6.6	1986	-6.9
1971	-23.8	1987	-5.1
1981	-0.3	1988	-13.3
1983	3.6	1989	-16.6
1984	2.1		

Source: Saskatchewan Trend Monitor

Given these recent data, the consultants hold the belief that Projection 1 (Slow Growth) and Projection 2 (Low/Medium Growth) by Statistics Canada are the best projections of the provincial school-aged population. With this acceptance, it is, then, our considered judgment that if the current school jurisdictions were to be retained until 2011, the average enrolment in the rural school divisions would be approximately 970 students; the average enrolment in the village and town school divisions would be approximately 60 and 212 students, respectively; and, the average enrolment in the city divisions, when Saskatoon and Regina are not included, would be approximately 1,491 students.

Enrolment Sensitive Effects

While changes in the school-aged population are directly correlated to the changes in enrolment size of school divisions and schools, there are other changes that can serve as surrogate measures of the changing ability of the school divisions and schools to retain their student body and to delivery the educational program. The purpose of this section of the study was to determine whether or not the enrolment changes were having these concomitant effects.

Retention rates. The comparison of retention rates among the various school divisions can yield an assessment of the ability of the jurisdictions to deliver a satisfactory program and a description of the mobility pattern of students within and across school divisions. As shown in Table F-11, while the provincial grade 9-12 retention rate in 1990-91 was 96.6 percent, the rates among the categories of jurisdictions ranged from a low of 72.9 percent in the rural school divisions to a high of 100.5 percent in the city school divisions. (Please note these figures are uncorrected for the special to regular student changes in designations of special education children.) Although it is recognized by the consultants that some of the students in grade 12 have in fact graduated and are attempting to improve their averages for admission to the post-secondary institutions, thereby inflating the grade 12 enrolment figures, the retention rate of 96.6 percent indicates that provincially the drop-out rate is not high and the differences in retention rates can probably be best explained by movement among the school divisions. While these movements could be attributable to both service agreements between school divisions for grade 10 to 12 education and to individuals making choices, the fact remains that the "home jurisdiction" is not delivering the service to these students.

Table F-11

Percentage Retention Rates: 1990-91

	Grades 9-10	Grades 10-12	Grades 9-12
Rural	85.7	84.4	72.9
Village & Towns	85.3	90.8	76.3
City Public	90.9	115.9	100.5
City Separate	97.6	93.4	92.9
Comprehensive	-	105.9	-
Northern	108.5	64.4	47.9
Prov.	100.3	98.4	96.6

Stronger evidence of the movement of secondary students from one category of school jurisdictions to another can be derived from the inspection of the grade 9-10 and grade 10-12 retention rates. The city public school and the comprehensive school jurisdictions end up with 15.9 percent and 5.9 percent, respectively, more students in grade 12 than they had in grade 10. On the other hand, the rural jurisdictions lost 15.4 percent of their students from grade 10 to 12, and the village and town jurisdictions lose 9.2 percent of their students. The northern jurisdictions lost 35.4 percent of their grade 10 students by the time they were to enter grade 12. However, the provincial data show that there were 14,512 students registered in grade ten in 1988-89 and 14,282 students registered in grade twelve in 1990-91 for a provincial grade 10-12 retention rate of 98.4 percent. A similar but weaker pattern of movement is shown in the grade 9-10 retention rates.

When retention rates for individual school divisions were inspected, the transfer and movement of students from one jurisdiction to another was quite evident. To illustrate by using the grade 9-12 retention rates, the following school divisions experienced high retention rates: North Battleford School Division, 226.62 percent; Saskatoon Public School Division, 128.93 percent; Lloydminster School Division, 143.46 percent; Weyburn School Division, 164.0 percent; Moose Jaw R.C. School Division, 119.2 percent; and Prince Albert R.C. School Division, 126.8 percent. While the Estevan Comprehensive School Division experienced a grade 10-12 retention rate of 80.8 percent, the other comprehensive school divisions experienced the following retention rates: Swift Current, 116.2 percent; Melville, 178.65 percent; Yorkton Regional, 110.62 percent; and Prince Albert, 108.62 percent. Conversely, the following school divisions exhibited low grade 9-12 retention rates owing to the transfer and migration of students: Deer Park, 45.9 percent; Leader, 61.0 percent; Prince Albert Rural, 15.8 percent; Battleford, 8.0 percent; Battle River, 64.5 percent; Estevan Rural, 27.7 percent; Weyburn Central, 60.4 percent; Prairie West, 53.9 percent; and Regina East, 62.5 percent.

From the above data, it is quite evident that many school jurisdictions are entering into service agreements for the transfer of students for a secondary education. In addition, these and other school divisions are experiencing the movement of students by individual choice from one jurisdiction to another for their secondary schooling. Thus, for one reason or another the flat structure with the comprehensive responsibility of the local school jurisdiction to deliver the education program to its students is being replaced by a hierarchical structure with larger, more urban school divisions delivering a disproportionate amount of the secondary schooling. Further, it would appear an ever increasing number of parents and guardians are having their children enrolled in school jurisdictions in which they have no legitimate involvement in the governance -- in most cases, they are not electors in the receiving jurisdiction. **These results give partial support to the conclusion that many school divisions and parents in these divisions are finding that they are unable to provide or receive locally the desired quality or breadth of secondary education for their children.**

Correspondence School. As shown in Table F-12, there has been an increasingly heavy reliance on the Saskatchewan Correspondence School for the delivery of secondary school courses and for the provision of instructional support materials. The number of full-time students enrolled in the school has grown over the period of 1970 to 1989 from 2,486 students to 4,133 students: a percentage increase of 66.3. While there appears to be a general decline in the reliance on the School for instructional support materials, the enrolment in and purchase of 1,644 courses in 1989 indicates that the services are needed. It would appear that as local school jurisdictions increasingly find themselves unable to offer full programs and as teachers find themselves teaching more and more subject areas, the reliance on the Correspondence School services will grow. **This trend in the use of the Correspondence School is corroborative evidence of the correctness of the conclusion that many schools and school divisions are finding themselves unable to provide the full range of courses and services required or desired by their students.**

Table F-12

Correspondence School Enrolments: 1970-1989

Year	Enrolment Type A	Enrolment Type B
1970-71	2486	224
1975-76	3728	88
1980-81	3441	133
1985-86	4258	2374*
1986-87	4228	1776*
1987-88	4794	1451*
1988-89	4802	1660*
1989-90	4133	1644*

. Type A =students registered for full-time instruction
. Type B = 1970-1980 - students taught with aid of correspondence courses
* - includes courses purchased by teachers, school
boards and regional colleges for teaching aids

Source: Saskatchewan Education

Special education. While the enrolments in the province have declined over the period from 1981-82 to 1989-90, the number of "chronic disabled" students identified has increased by 37 per cent from 1509 students to 2062 students. This increase in special education students has place an increased resource burden on the school divisions. When the concerns shift to the education of high-cost students, it is evident that no school jurisdiction in Saskatchewan can offer the complete range of services. In 1989-90, 350 high-cost students received their education outside of their "home division." Even the larger school systems had significant numbers of their students placed under this arrangement. It is quite clear that the provision of regular special educational services for high-cost students is beyond the capacity of most jurisdictions. Further, **given the enrolment size of the school divisions, the number of these high-cost special education students in most jurisdictions would not warrant the establishment of regular programs. Only through the aggregation of a number of students over several jurisdictions does it appear feasible to establish and maintain these congregated special education services.**

French education. The small enrolments in many of the schools and school divisions have prevented the offering of French Immersion programs. Of the 21 jurisdictions offering French Immersion, only four are rural, village or town school divisions. Of the 10,456 children enrolled in this program in 1990-91, only 375 were in rural school divisions. Thus, owing to the effects of small numbers and small schools in the rural areas, French Immersion programs are largely a city phenomenon.

While the Type B, French Immersion schools, are almost exclusively located in the cities, the Type A, Francophone schools, are largely located in rural areas. Of the 15 Type A schools, 11 are in rural, village or town school divisions. While this makes French available to the students in these areas, with the resolution of the Mahe case by the Supreme Court, the right of the French minority to establish and maintain its own school system may have significant implications for the operations of the jurisdictions in which they are presently housed. In some cases, the jurisdictions will have to disband and join other school divisions if they wish to continue to actively deliver their educational programs to the students of their jurisdictions. Also, since many of these schools are functioning as Type A and Type B schools, the establishment of separate jurisdictions would deny the non-francophone immersion students access to the French program.

It would appear that the offering of such programs as French Immersion is highly sensitive to the size of school and the proportion of the local student population opting for the program. To split the student body would threaten the viability of the school. Again, with declining enrolments, the implementation of such programs would, in most cases, not appear feasible under the current jurisdictional enrolment sizes.

Transportation. The increased sparsity of the population in the rural areas between 1976 and 1990 has resulted in the average bus route increasing by 12.11 kilometers from 141.49 kilometers to 153.60 kilometers. The average number of kilometers ridden by a student increased by nearly one kilometer from 5.32 kilometers in 1976-77 to 6.28 kilometers in 1990-91. As shown in Table F-13, the number of routes has declined by 466; the number of pupils transported has declined by 17,072; the total number of kilometers travelled daily by the buses in the province has declined by 38,952; and, the average number of students seated on a bus has declined by 2.13. The shift of students from living on the farm to living in the town is partially reflected by the 3.04 decrease in the percentage of students transported to school. **With the continuing decline in enrolments and the effects of the decline on the organization of schools, transportation of pupils will remain a central issue in the administration of the educational program within any jurisdiction and will add pressure for the development and offering of courses through distance education.**

Table F-13

Transportation in Rural Divisions: 1976-77 & 1990-91

	1976-1977	1990-1991	Change
No. Routes	2,683	2,217	-466
No. Pupils	71,310	54,238	-17,072
No. Kms.	379,486	340,534	-38,952
Average Pupil	26.59	24.46	-2.13
Average Route	141.49	153.60	+12.11
Kms/Student	5.32	6.28	+0.96
% Stud. Transp.	67.52	64.48	-3.04

Source: Saskatchewan Education

Summary

The following is a brief summary of the conclusions reached on the changing demography of the province and the education system.

Population and enrolment trends. When the changes in enrolments from 1976 to 1990 are broken down by grade grouping and type of jurisdiction, major shifts in the composition of the enrolments within and among jurisdictions can be noted. Perhaps the most dramatic are the declines in the rural school divisions. While the total provincial enrolment in the primary grades has grown by 989 students, the rural divisions have experienced a decline of 4,539 students. Of the 14,912 student decline in the total provincial enrolment in the middle grades, 11,553 were lost to the rural jurisdictions. At the secondary grade level, while the city public and separate systems enjoyed increases of 534 and 667 students, respectively, the rural divisions lost 5,198 students and the comprehensive schools lost 1,048. The total secondary grade level loss was 5,464 students. When the time period under review is reduced to the past four years, the same patterns of enrolment change experienced over the past 15 years are evident.

Size of enrolments in school divisions. A major feature of Saskatchewan's educational scene in 1991 is the high proportion of very low enrolment school divisions. The enrolment sizes of many of the school divisions in the province have reached or are approaching the enrolment sizes more commonly associated with schools and not school jurisdictions. With nearly three quarters of the divisions having enrolments under 1,500, and one quarter having fewer than 500, it has become apparent that major adjustments must now be made among school divisions.

Population and enrolment projections. Even within the most optimistic growth projection for the province, there is little hope for the demographic salvation of the current school jurisdictions. It is our considered judgement that if the current school jurisdictions were to be retained until 2011, the average enrolment in the rural school divisions would be approximately 970 students; the average enrolment in the village and town school divisions would be approximately 60 and 212 students, respectively; and the average enrolment in the city divisions, when Saskatoon and Regina are not included in the calculations, would be approximately 1,491 students.

Enrolment sensitive effects. There are changes in enrolments that can serve as surrogate measures of the ability of the school divisions and schools to retain their student body and to deliver the educational program. A review of the student retention rates among the school divisions gave partial support to the conclusion that many school divisions and parents in these divisions are finding that they are unable to provide or receive locally the desired quality or breadth of secondary education for their children.

The trend in the use of the Correspondence School was corroborative evidence of the correctness of the conclusion that many schools and school divisions are finding themselves unable to provide the full range of courses and services required or desired by their students.

It was noted, given the enrolment size of the school divisions, the number of high-cost special education students in most jurisdictions would not warrant the establishment of regular programs. Only through the aggregation of a number of students over several jurisdictions would it appear feasible to establish and maintain these congregated special education services.

It would appear that the offering of such programs as French Immersion is highly sensitive to the size of school and the proportion of the local students population opting for the program. To split the student body would threaten the viability of the school. Again, with the declining enrolments, the implementation of such programs would, in most cases, not appear feasible under the current jurisdictional enrolment sizes.

With the continuing decline in enrolments and the effects of the decline on the organization of schools, transportation of pupils will remain a central issue in the administration of the educational program within any jurisdiction and will add pressure for the development and offering of courses through distance education.

Other Significant Contextual Changes

Since schools are an integral part of the institutional and community structures of our society, a myriad of factors influence their purposes and operations. To describe all the changes in the family, community and society affecting or potentially affecting schools would be a Herculean task. However, two changes directly related to the purposes of this study stand out. First, any review of Saskatchewan's education system must address the issues arising from the increases in the Indian and Metis populations and the changes in the nature of their participation in and governance of schools. Second, with major reforms in school governance occurring elsewhere, a description and assessment of these reforms must be presented.

Indian and Metis Education

Population and enrolments. As shown in Tables F-2 and F-14, while there may not be agreement between the statistics on the size and nature of the Indian population in Saskatchewan provided by Saskatchewan Hospital Services and those obtained by Dr. R. Devrome from the Department of Indian and Northern Affairs and Health and Welfare Canada, there is agreement that there has been a tremendous increase in this population over the past twenty years. The discrepancy between the two sets of data may arise from the fact that those reported by Devrome include the 7,460 Indians that have regained their status

The gain in the total Indian population reported in Table F-14 of 21,448 people, or 40.8 percent, in the past eight years may be an over-estimate owing to the inclusion of those regaining status under Bill C-31 in the 1990 data and not in the 1982 data. However, with the 7,460 removed, the gain was still 13,988 individuals or 26.6 percent over eight years. These results are very similar to the rate of gain of 80.6 percent over twenty years reported in Table F-2. The Indian population is rapidly expanding and now constitutes approximately 7.2 percent of the total provincial population.

Table F-14

Registered Indian Population: 1982-1990

Year	On-Reserve	Off-Reserve	Total
1982	34,704	17,911	52,615
1990	36,697	37,366	74,063
Change	+1,993	+19,455	+21,448
%	+5.7%	+108.6%	+40.8

Source: R.J. Devrome, 1990

Another trend evident in the data is the shift in the numbers and proportion of registered Indians living off the Reserves. While 17,911 people, or 34.0 percent of the population, did not reside on the Reserves in 1982, by 1990, the number had increased to 37,366 individuals, or 50.5 percent of the total. The actual number living on the Reserves has not increased substantially over the eight years recorded in Table F-14: 34,704 people in 1982 and 36,697 in 1990 -- a gain of 1,993 people. Since only 12 percent of the individuals regaining status under Bill C-31 moved back to the Reserves, the rate of shift cannot be used to predict the future distribution of the Indian population; however, the relatively constant numbers on Reserves does suggest that the vast majority of the gain in population will be reflected in the off-reserve figures.

While the population may be shifting off the Reserves, the school enrolments are not. As shown in Table F-15, with the devolution of authority in education to the Band level, the percentage of Indian children enrolled in Band schools increased between 1982 and 1989 from 35.0 percent to 59.8 percent of the enrolment total. Correspondingly, the percentage enrolled in Federal schools decreased by 56.4 percent and in provincial schools by 6.7 percent. With the establishment of Band controlled schools in 1973, the number of Band schools increased from six schools in 1976 to 59 schools in 1990. The change in Federal schools during the same time period of 60 schools to 5 schools suggests that the process of devolution mainly consisted of taking over responsibility for the existing Federal schools. However, the fact that the entire gain in the total enrolment plus 308 students in provincial schools accrued to the Band schools suggests that the emphasis has been on housing and educating Indian students within Band controlled schools. The decline in the proportion of Indian students attending provincial schools from 39.5 percent in 1982-83 to 30.9 percent in 1989-90 further portrays the effects of this emphasis on education in Band schools.

Table F-15

Indian Elementary and Secondary Enrolments by School Type: 1982-89

Type of Jurisdiction	1982-83 N	1982-83 %	1989-90 N	1989-90 %	Change 82-89 N	Change 82-89 %
Band	4,094	35.0	8,334	59.8	+4,240	+103.6
Federal	2,998	25.6	1,307	9.4	-1,691	-56.4
Province	4,610	39.4	4,302	30.9	-308	-6.7
Total	11,702		13,943		+2,241	+19.2

Source: R.J. Devrome, 1990

In reviewing these data, Devrome made the following comments about the shift away from the provincial schools to the band schools:

> Provincial school enrolments have declined by 6.68% (4,610 to 4,302) over the seven year period, for an average rate of decline of 0.95% /annum. The Provincial schools annual rate of involvement in Indian education has also declined (-8.54%). In 1982-83 the Provincial rate was 39.39% (Federal and Band - 60.61%) and in 1989-90 it was 30.85% (Federal and Band - 69.15%). In fact, since the 1950's approximately 115 Joint Capital Agreements were entered into between the Federal and Provincial governments to purchase 7,868 seats. If this figure is used, then the utilization rate has decreased by 3,566 seats, or 45.32%. This figure does not take into account the population increase over the same period, or the major demographic shift in on-Reserve/off-Reserve places of residence (Devrome, 1990).

If the nature of the population growth and the major demographic shift were taken into account, owing to the fact that the responsibility for the education of the majority of Indians not residing on the Reserve falls to the provincial schools and are not included in the data in Table F-15, the number of Indians educated in the provincial system may have significantly increased. Since the shift is to urban centres, it is there that these increases in enrolments of off-Reserve Indians would occur. Since the shift to Band school enrolment is largely associated with the on-Reserve population, the decreases in enrolments in provincial schools have occurred and will continue to occur in the neighbouring town and rural school divisions.

The Reserves continue to place a heavy reliance on the provincial school system for the delivery of secondary education and services to special education students.

While the Indian population has increased by 80 percent over the past twenty years, it is expected to increase by at least 30 percent over the next 12 years and double over the next twenty years. As shown in Table F-16, if the current fertility rates remained unchanged, the population could reach 107,264 people. This would be an increase of 44.8 percent. If these projections and those pertaining to the general population previously reported were to be experiences, the Indians could account for approximately 10 percent of the provincial population and up to 13 percent of the school-aged population in the year 2003.

Table F-16

Saskatchewan Indian Population and Projection

Year	Population		
1982	52,615		
1988	70,665		
1990	74,063		
	Project 1 (High)	Project 2 (Medium)	Project 3 (Low)
1991	76,203	75,841	75,544
1996	87,870	85,388	83,407
2001	101,322	96,139	92,088
2003	107,264	100,809	95,808

Source: R.J. Devrome, 1990

When describing both the Indian and Metis populations, the conventional wisdom is that the above numbers should be doubled. If this assumption is correct, these totals of Indian and Metis people would approach 20 percent of the total population of the province and up to 25 percent of the school-aged population. While the consultants believe these estimates to be too high, the conclusion that there will be significant and substantial increases in the Indian and Metis populations must be accepted. The questions to be answered is the impact of these changes on the provincial school system and its local jurisdictions.

Governance and organization. The rights to education for the registered Indian population in Saskatchewan are derived from;

1) Treaties 2,4,5,6,8 and 10;
2) Section 91 of the Constitution Act, 1867, wherein responsibility for Indians and lands reserved for Indians is vested in the Federal Government; and,
3) The Indian Act - Sections 114 through 123 inclusive ("Operational Review Education Program (Saskatchewan)", Audit Services Bureau, Department of Indian and Northern Affairs, Section III, p. 4).

However, the education of some status Indians falls on the shoulders of the provincial governments and their school jurisdictions. As stated under Section 4, ss. 3, of the Indian Act, Sections 114 to 123 "do not apply to or in respect of any Indian who does not ordinarily reside on a Reserve . . . ." Paragraph 4.9 of the E-1 Circular 1, issued by the DIAND on November 1, 1978, stated, "except during the first twelve (12) months of residence off-reserve, the Department of Indian Affairs will not accept financial responsibility for education to such status Indian school-aged children." Thus, the responsibility for the education of Status Indians "ordinarily resident" off-reserve falls on the provincial government and the receiving boards of education. However, with the recent change in funding, wherein the allocation of educational monies is forwarded to the Bands as a block grant, some flexibility in local arrangements may be achieved.

The policy shift from integrated schools and joint school agreements to the policy of devolution of Indian education to band control can have serious implications for the organization and governance of provincial schools. In describing the situation prior to the policy changes of 1973, the then Minister of Indian and Northern Affairs, The Hon. Jean Chretien, stated to the Council of Minister of Education in 1972:

> Let us look now at the present status of education for Indian children in provincial schools. In the past twenty years the number of Indian children attending school has increased rapidly. In 1954 the number was 48,000; in 1972 the school population is 72,609. In 1945, less than 100 Indian children were enrolled in provincial schools; today there are 43,626. This is 60% of the total school age population. A majority, therefore, of all Indian children are being educated under your jurisdiction (pp. 3-4).

The objective of integration was clearly indicated in his following comments:

> . . . there need not be division between Metis, registered Indians and others. If everyone would be willing, the school district or unit could be large enough to include the whole community. Native people and whites could serve together on the same elected school board. The costs of this program for Indian pupils would be financed by the Department of Indian Affairs and Northern Development; the costs for Metis and white pupils would be the responsibility of the provincial government and/ or local taxation (p.8).

This integration was to be achieved through the use of Joint Tuition Agreements and Joint Capital Agreements. On the basis of these agreements, many school divisions in the province included the delivery of education to the Indian population in their plans. The School Act was amended to include provisions for the appointment of representatives from the Indian bands on the local school boards. Thus, the governance and school structures were modified to incorporate the education of Indian children under the rubric of the provincial education system.

However, the provincial government was unwilling to accept any financial responsibility for the educational services to be rendered to status Indians. The province was willing to accept the responsibilities under a fee-for-service contractual agreement but the federal government was to remain ultimately responsible for the education of Indians.

While the DIAND and provincial governments were in agreement on the integration of educational services, the Indians became discontented with this shift of educational responsibilities from the federal to the provincial government.

> Indians have been very reluctant to accept services and assistance from provincial governments. They see in the

> federal government's move to integrate Indian bands into the provincial-municipal structure much more than a simple extension of provincial services. They interpret it as part of the federal government's hidden agenda to abrogate its constitutional and treaty obligations to the Indian people. They view a transfer of dependency from the federal government to ten provincial governments as the death sentence for their historical claim to nationhood and self government (Leroy Little Bear, et al., Pathways to Self-Determination: Canadian Indians and the Canadian State, 1984, p. ix).

Recognizing this danger, the National Indian Brotherhood adopted a policy against the assimilation of their children and demanding a new federal approach to Indian Education (Indian Control of Indian Education, 1972). In 1973, the federal government and the Brotherhood reached agreement that Indian education should be locally controlled and parents would be responsible for their children's education. The new federal policy of devolution appeared in a Treasury Board regulation on Nov. 23, 1973.

> Treasury Board regulation 715985 . . . extended to band councils the authority to manage in-school education programs and involved Indian administrators in the negotiation of payments to provincial schools for the education of Indian children, the employment of teachers, the management of educational assistance programs, the operation of student residences, and the responsibility for providing social counselling programs (Donald E. Burt, "The Problems Faced by Indian Bands in the North Battleford District in the Implementation of Indian Control in Education," unpublished paper, University of Saskatchewan, 1984, p. 2).

In 1982, the DIAND, reaffirmed its policy of devolution of the governance of Indian education to Bands.

> **Statement of Policy**
> . . . the Department funds and delivers education programs to Indian youth both directly through federal schools and indirectly through Band-operated and provincial schools. With the realization of the inherent desirability of parental responsibility and local control, the Department encourages Indian control of Indian education.
>
> The Department's education policy must be viewed in the greater context of the overall policy of supporting the emergence of local government in the Indian community.
>
> 1.1 Department Objectives
> The departmental objective is to: ENSURE QUALITY EDUCATION THROUGH INDIAN CONTROL
> 1.2 Policy Objectives
> 1.2.3 Create a framework for Indians to seek their own goals recognizing they cannot be set by others, but must spring from the community.
> 1.2.5 Role of dependence be replaced by role of equal status,

opportunity and responsibility.

1.3 Goals

1.3.4 To increase the capacity of Indian authorities for designing, administering, and delivering educational services for their children.

1.3.6 To support the increase of Indian communities represented on the boards of provincial education authorities (Indian Education Paper: Phase 1, Department of Indian Affairs and Northern Development, 1982, pp. 3-6).

When the educational authorities at the band level had acquired the necessary managerial skills, established the feasibility of band-operated schools, and acquired or built school facilities, authority for education would be delegated to the band.

Proposals for the establishment of regional and provincial levels of Indian school governance have been advocated on various occasions.

Experience to date has shown that when bands have been granted local control of education, the purchase of services from the provincial boards has not been extensive even though the legislation makes such arrangements possible. Further, while Indian leaders have been attempting to establish new relationships within which regional, provincial and national structures could be developed, the local bands have retained their autonomy to such an extent that these regional and provincial educational structures constitute no more than a loose federation - not a functional amalgamation. Thus, **it would appear that we will be experiencing a phase in Indian education during which local bands will be establishing and governing their own schools independent of the provincial systems and of any superordinate Indian structure** (Report on School Governance in Northern Saskatchewan, 1987, pp. 50-51).

If and when the land settlement agreement between the Province of Saskatchewan and the Federation of Saskatchewan Indian Nations is implemented, there may be a change in the implications of the Indian population increase for schools. With the moneys made available, the Indians, in all probability, will use some of the moneys to purchase urban properties and establish some Indian institutions on these properties. This would allow for the establishment of Indian controlled schools in urban centres. The off-Reserve Indian population could then be served by the Indian institutions. This would allow for the choice of attendance at provincial or Indian schools recommended in the reports on Indian and Metis education policy. Given the federal policy of delimiting its obligations to Indians resident on reserves, the funding of students under such arrangements may be through a new form of tuition agreement. If the moneys are not allocated to specific bands, the schools in these urban centres could be established under the authority of the Federation of Saskatchewan Indian Nations and a provincial Indian education system could be fostered.

On the basis of the above considerations, the consultants have reached the conservative conclusion that the assessment of the viability of the current and recommended school divisions must be made on the basis of the non-Indian population. **By using this conclusion in our deliberations, it is safe to assume that the services that may be required by the Indian populations under a variety of shared and integrated service arrangements could be met. It is not safe to assume that the increased Indian population will bolster the viability of local provincial school jurisdictions.**

Under Section 35(2) of *The Constitution Act, 1982*, Indian, Inuit and Metis are identified as the "aboriginal peoples of Canada." Thus, the Metis population was granted Aboriginal status and, under Section 25(b), and granted "any rights or freedoms that now exist by way of land claims agreements or may be so acquired." With the failure to establish in 1987 the accord called for under Section 37, the Association of Metis and Non-Status Indians of Saskatchewan (AMNSIS) attempted through bilateral and trilateral agreements to establish the governance and educational rights of the Metis and Non-Status Indians.

The AMNSIS proposal was based upon the belief that the Metis and Non-Status Indians have the right to self-government wherein self-determination has been defined as:

> Self-determination which Metis/Non-Status Indian people require as collectives to maintain their economic-social-cultural identity as a unique Aboriginal people and which enables them to be in control of those aspects of their lives which will allow them to participate in and benefit from social-economic development on an equal basis with other citizens (Dumont, p. 3).

The position on education adopted by the Association included the following:

> In order to ensure that the rights of Metis/Non-Status Indian people can be duly exercised within a framework which reflects the fundamental goal of Self-Government, the Metis/Non-Status Indian people of Saskatchewan, as a collective body, should:
>
> 3) have extended to them all the powers, privileges, and duties confirmed and imposed upon the separate schools and the school trustees of the Roman Catholic Subjects and have the right, when numbers warrant, to primary and secondary school instruction out of public funds for minority Aboriginal language educational facilities.
>
> 4) have all those powers, privileges and duties imposed upon the Community Colleges in Saskatchewan to provide to the Metis/Non-Status Indian people the same range of adult education services as those provided by the Community Colleges where numbers warrant (Dumont, p. 36).

The following hierarchically designed "province-wide administrative constitutency" with three levels of decision-making was advocated:

> 1) Through regional and local representative planning and decision-making bodies linked to centralized adminstrative planning and support services, "grass roots" support and awareness of education and training opportunities and initiatives will be heightened by actively involving MNSI people at the community level in decision-making;

2) Through the development of decision-making/policy development bodies at the provincial level but involving regional representation, it is possible for AMNSIS to undertake the type of comprehensive, co-ordinated, long-term strategic planning and program development which can significantly impact on all MNSI people throughout the province;

3) By unifying the MNSI community into a singular, province-wide adminstrative constitutency represented by an MNSI Self-Government and its programming institutions (in this instance, education and training), it is possible, through Self-Government, to establish a basis for comprehensive planning tied to the allocation of block funds to MNSI institutions rather than funnelling programming dollars through a multitude of unconnected programming sources (Dumont, p. 6).

Although a hierachical education system paralleling that of the existing provincial system was called for, the practicalities of implementation were recognized in the following manner:

> We must prepare for Self-Government and we must introduce Self-Government according to a schedule which is in keeping with the ability of Metis people to operate institutions in the various jurisdictional areas over which they seek control (p.6).
>
> Also, such rights might be conditional upon such factors as "where numbers warrant" or "where practical." The Self-Government agreement would also need to spell out the fiscal arrangements or rights which would be essential to the successful implementation of programs (p.40).

To the best of the consultants' knowledge, the above policy positions continue to be held by the Metis Society of Saskatchewan.

Thus, the objective of the Metis is to establish their own school system paralleling that of the current educational system and with the same access to the local property tax base and government funding as granted to the public and separate schools of the province. In addition, a provincial office with block funding would be established. However, where numbers do not warrant at the local level, special arrangements for participation within the current provincial structure would be sought. The design sought by the Metis, in many respects, is similar to that being achieved by the Francophone minority under the provisions of the Charter and through the decisions reached in the Mahe case.

Again, the consultants have concluded that **the governance structure and the division boundaries of the local school jurisdictions must be such that if the population of Metis achieve self-government and implement an independent school system, the viability of the provincial school division would be maintained.**

Major Reforms in Education

The 1980s can be characterized as a period of assessment and reform in education. As described by Salina Shrofel, there appeared to be three waves of reform. First there was the curriculum wave that "concentrated on the curriculum in the naive view that changing the curriculum could lead to reform of the whole educational system" ("Review Essay School Reform, Professionalism, and Control," Journal of Educational Thought, April, 1991, p. 58). Second was the teacher "empowerment" wave that ". . . focussed on teachers and teaching . . . empowerment of teachers. ... argue "that changing teachers' lives will change the schools"." She characterized the third wave as the restructuring of schools, "the decentralization of management." As she noted, "No matter what form restructuring takes, it is a direct challenge to ever-increasing centralized control over education . . . ." (p. 68).

Whether these efforts at reform are seen as three different attempts at restructuring or a series of reforms yielding the need to restructure would probably depend on the particular circumstances of the reforms. The changes in Saskatchewan in the provincial curriculum, the delegation of authority to the teachers under the Adaptive Dimension, and this study on school finance and governance can best be described as evolving from the same assessment, the 1982 review, and not as three independent efforts at reform. The focus of this section of this report is on the redefinitions of the governance and organization of schools being sought or achieved elsewhere.

Democratic control of education. The current governance structure of education in Saskatchewan is built on the beliefs that the state has an obligation to ensure that a child's right to an education is protected. The state has the obligations a) to ensure that the children are able to exercise that right and b) to provide equality of educational opportunity regardless of the personal or familial position. Further, we in Saskatchewan have decided that, while there will undoubtedly be private gains, education is a public good: the welfare of society is dependent upon the nature and quality of education we provide our youth. However, owing to the recognition of the importance of local government in defining and meeting local needs, the decentralization of administration of the educational system to local representatives of the community-at-large has been implemented. We have established our system on a **philosophy of representational governance**. Given the public nature of the gains from education, all members of society are expected to contribute to the financing of public education. Thus, schools are commonweal organizations wherein the state defines the nature of education and the organization of the schools, and representatives of the public-at-large govern. The fiduciary assumption is made that the representatives of the public-at-large and the members of the teaching profession know what is best for the child.

Many of the beliefs in the above statement are being challenged by those that hold a **philosophy of participatory governance**. First, parents hold that **according to natural law it is the right and duty of parents to educate their children**: the school is only serving in loco parentis. The parents should determine the nature of the education received by their child. Also, given the current level of education among parents, they would argue that the fiduciary assumption cannot be made for parents: it is the parent that has the right to make the fiduciary assumption for the child. Thus, parents should play a greater role in school governance. Added to this position is the argument that with the extension of the school's role into childrearing, the state and the community have no right to define the nature of this education and service: the school is to serve merely as a service organization for parents. These individuals would hold that parents are the clients and should govern the enterprise or, at least, play a major participatory role in the governance. This would shift the governance model from a representation form to a participatory form.

Second, as pointed out by D. Cochrane, there are those that advocate the idea of greater public involvement for one of the three following arguments:

> 1) the positive, social-epistemological argument: **the populace knows its own interests** better than those who govern.
> 2) the negative, social-prudential argument: **the populace needs to protect itself** against sinister interests.
> 3) the individual-moral argument: though individuals, singly and collectively, can mistake their best interests and even support sinister interests, **what befalls them is at least the result of their own decisions** and, so, they preserve their dignity if not always their well-being (Cochrane,"Consultation and the Development of Educational Policy," unpublished paper, 1991, p. 2).

Common to these arguments is the orientation that education is a private good.

Third, there are a significant number of individuals and groups that hold that the concept of a **consensus among the public-at-large is invalid in a pluralistic society**. In their view, society consists of a myriad of groups with different definitions of an appropriate education. Thus, there should be a differentiated school system or a series of separate school systems that reflect the pluralistic nature of society and that these differentiated schools or separate school systems should be governed by members from particular groups. This view has taken on a particular valency among religious and minority ethnic groups.

Fourth, there is a growing belief among members of the teaching profession that the state should define the general objectives of education and provide the funding for schools. Then, given the increased knowledge of teaching and the increased professionalism among the teaching force, the professional staff of a school in conjunction with the parents of the school should govern the school and determine the curriculum. This **"empowerment" of teachers and parents** would redefine local governance from representatives of the public-at-large in a commonweal organization to representatives from the parent client group and the professional staff in a service organization.

Fifth, there are others that see **serving the economic and social needs of society as the primary function of school** and of such importance that the local governance of schools as a mechanism for educational definition and accountability should give way to centralized control and performance accountability. The school is seen by people holding this position as an instrument for achieving economic and social goals: little emphais is placed on the intellectual and character development of individuals. Rather than "empowering" teachers, the would limited the role of teachers to that of "employee."

While the above orientations would still retain some form of representational or participatory governance structure, there are others that hold a **market place philosophy of democracy**: individuals would have the right to choose within a market of schools. The forces of the market place would result in the offering of an appropriate and higher quality education. Perhaps the best description of this orientation was provided by Mark Holmes in his review of the book Politics, Markets, and America's Schools written by John E. Chubb and Terry Moe. He stated,

> The authors argue that the bureaucracy supporting the institutional structure of schooling has had a devastating impact on school organization, and that, in turn, has adversely affected student learning. They say that the bureaucratic structures that encumber and cripple school organization are rooted in the current system of democratic controls. These democratic controls, by which they mean the complex web of politicians, unions, and school professionals, are fundamentally incompatible with efficiently run schools that are responsive to the needs of parents and students. Saving public education, say Chubb and Moe, requires destroying the institutions that support it and replacing these with a system of markets.
>
> They propose replacing today's institutions with a new best system of schooling markets that in their view is the only one that can provide consumer protection from bureaucratic abuse, eventually reducing waste, increasing productivity, and raising student achievement.
>
> They essentially include many features of standard voucher plans (M. Holmes, "Critical Notices: Parents, the State, and the Right to Educate," Interchange, Summer, 1990, pp. 61-71).

Others holding the basic philosophy espoused above advocate a completely decentralized system of local councils governing schools from among which parents and students may choose. In a speech to an education conference, Hon. Kenneth Clark, the British Education Secretary, made the following remarks:

> Education must become irreversibly dominated by the needs of pupils and their parents. It must offer a variety of provisions to enable choice to be made to meet a variety of needs and preferences. Monolithic uniformity is the curse of giant public services. Local, school and college level responsibility and accountability is the best means of providing diversity and genuine choice (Council of Europe, Education Newsletter, 1991).

Thus, **there is a debate about which democratic form the governance of the educational system should take: the representational, participatory, market place, or a combination thereof. The arguments are built around whether or not education is a private or public good, and the role to be played by parents and government in the design and delivery of educational programs and services.**

Governance models. A survey of the governance structures for education in Canada and other democratic countries would show a range from highly centralized systems with appointed officials and little or no local control to highly decentralized systems with central control of standards but local fiscal and operating control at the school level by representatives of the parents and the community. The governance of Saskatchewan's education system is built on the parameters of a sharing of responsibilities between a central and a local authority; local governance by elected representatives of the public-at-large; governance of education separated from the governance of other social service functions; and, ascription to the education governance unit responsibility for the full range of education services required by the clients. A degree of local autonomy is ascribed to the local authority by the central authority and fostered by school board access to the local property tax base.

Canadian models. The governance of most provincial education systems in Canada are derived from the same model as Saskatchewan's. However, there are minor variations. Alberta has implemented a county or modified county system in some jurisdictions. Under the county system, a number of local services are integrated under the jurisdiction of one local government authority. Roads, education, hospitals, public health, social services and variety of other services come under the county authority. Typically, committees are created for each of the major functions and their recommendations are deliberated on by the full board. All members of the authority in the full county model serve as representatives of the public-at-large on all issues. Under the modified county system, a separate board of education is established to look after the issues related to schools. Under both the county and modified county systems, there are coterminous boundaries.

The education system in New Brunswick is the most centralized of all the provinces. Even though there are local school jurisdictions, the educational, administrative and managerial powers are retained by the central authority.

While Nova Scotia has a three-tiered structure similar to Saskatchewan's, membership on the city and municipal school boards consists of one third of the trustees elected, one third appointed by the municipal council, and one third appointed by the Lieutenant Governor in Council.

Only Quebec has made general provision for the election of parents to serve among the trustees of school boards.

In the past twenty years, all provinces except Saskatchewan have undertaken major modifications of their school systems. In most cases, the results were merely the establishment of larger school jurisdictions and the promotion of school or advisory councils at the local level. While Quebec has attempted to undertake a revision of its school system that entailed a fundamental restructuring, as noted previously, this revision is before the courts. With the implementation of Francophone schools and the extension of separate schools to include separate high schools, Ontario is in the process of further differentiating its school systems.

Basically, the Canadian school systems have adhered to the principles of representational government with local lay control of education; the maintenance of a special function local educational jurisdiction; and, centralized control of curriculum and decentralized administration. The general parameters of education as a public good and the responsibility of the state to define and deliver the education to children are intact. However, as noted previously in the Legal Context, the right of parents is creeping into the governance system and the differentiation of school systems to recognize the rights of minorities is being elaborated.

British model. When the purview is extended to the international scene, major changes have occurred. Perhaps, the best known and most emulated of these changes has occurred in Britain. In a review of the education system in 1986, the Audit Commission for Local Authorities in England and Wales came to the following conclusions:

> Local educational authorities (LEAs) are in general not reorganizing their schools to bring capacity into line with school rolls. As a result, money that should be spent on teaching is being devoted to maintaining, heating and cleaning redundant buildings and to teaching to 'empty desks'. And the quality of education is bound to suffer as the curriculum will inevitably be curtailed to what can be afforded.
>
> Recognizing that the present situation is far from satisfactory, government plans fundamental changes to the examination system and the governance of secondary schools.
>
> Maximum authority should be delegated to the local (i.e. school) level. And the revenue budget and teaching complement should reflect the school's agreed role. The head and governors should then have the widest possible discretion to manage the school within the agreed budget, subject to appropriate quality assurance checks by the authority and the conditions set out . . . above (Toward Better Management of Secondary Education, 1986, pp. 1-3).

As a result of the above review and the government's concern for the quality of education being offered in the English and Welsh schools, the Education Reform Act, 1988, was passed. This Act set out a school system that centralized standards and curriculum and decentralized the management and administration of schools. Among the powers delegated to the governing body of a school were the following:

> 36. Delegation to governing body of management of school's budget share.
>
> (2) . . . it shall be the duty of the authority to put at the disposal of the governing body of the school in respect of that year a sum equal to the school's budget share for that year to be spent for the purposes of the school.
>
> (5) The governing body of any school which has a delegated budget -
> (a) shall be entitled, subject to any provisions made by or under the scheme, to spend any sum made available to them in respect of the school's budget share for any financial year as they think fit for the purposes of the school; and
> (b) may delegate to the head teacher, to such extent as may be permitted by or under the scheme, their powers under paragraph (a) above in relation to any part of that sum.
>
> 44. Financial delegation: appointment and dismissal of staff.

> (1) This section applies to a county, controlled or special agreement school at any time when it has a delegated budget.
>
> (3) Subject to the following provisions of this section --
>
> (a) the appointment, suspension and dismissal of staff at a school which this section for the time being applies and the determination of their duties, grading and remuneration; and
>
> (b) the application in relation to such staff of --
>
> (i) any disciplinary rules and procedures; and
>
> (ii) any procedures for affording to them opportunities seeking redress of any grievances relating to employment . . .

With the presentation of only these sections of the Act, the extent of the authority given to local school governing bodies is evident.

The governing body for grant-maintained schools contains "first governors", "foundation governors", "parent governors" and "teacher governors". Similarly for LEA schools, the school council was to have representatives from the community and business, parents and teachers, plus the head teacher.

As the counterbalance to the decentralization, the move to centralization contained the establishment of "The National Curriculum", attainment targets, the School Examinations and Assessment Council and other instruments for curriculum and quality control.

In the philosophy behind the model, a heavy emphasis was placed on a market place philosophy of democratic control and on parental participation in the governance of the school.

Thus, the British have attempted to meld the representational, participatory, and market place philosophies into one educational system: strong central control to promote the economy and standards; major decision making at the local level; the involvement of the community, parents, teachers and administrators in the governance of schools; publicly funded grant-maintained schools for special groups of parents; and, parental choice of schools.

This system of devolution of authority to the school level and centralization of curriculum and assessment to the state or national level has been adopted by various countries including New Zealand, Australia, Sweden, Austria, Poland and several states in the United States.

Democratic accountability. Under the traditional model of governance, the democratic process is defined in terms of the election of the representatives of the public-at-large to positions of governance. These individuals were held accountable by the electoral process. To ensure that the electors were informed, the meetings of the governing bodies were to be open to the public and all decisions were to be matters of record. At the local level, this matter of the informed electorate may have included annual public meetings.

When the size of the jurisdiction did not allow for personal knowledge of individuals nor of the system being administered, then political party or quasi-political party structures evolved. Within these political structures, a group of individuals monitor and scrutinize the activity of the local governance unit and individuals serving on the unit. However, accountability was primarily achieved through the election process.

In order to place safeguards on the possible abuse that may arise under the traditional system, many mechanisms have been put in place. Conflict of interest legislation has allowed for an action of the electorate outside of the election process. For suspected illegal or controversial extra-legal matters, statuatory provisions were made for groups of electors to initiate legal action against the local authority or an elected representative, or to call for special public meetings of the electors.

However, there are increased demands for a participatory form of democracy in state and local governance. People affected by a decision want to have a voice in making the decision. Increasingly, the delegation of authority to boards of elected officials is being challenged and participatory processed demanded. Among these participatory or accountability processes are the holding of plebiscites and referenda. For example, in British Columbia school boards wishing to impose property taxes beyond that determined by the provincial government must put the matter before the electorate in the form of a referendum. Thus, a cap is placed on local autonomy and the powers extended to elected bodies.

As previously noted, holders of the market place philosophy believe that parents should be allowed to freely choose the schools they wish their child to attend or be allowed to enter into agreements with other parents to form their own school. Nine states in the United States now allow parental choice of schools with the proviso that the receiving school must have available spaces. In such systems, it is believed that accountability is achieved by the responses of the market place.

Issues and Conclusions

With our long and cherished tradition of local governments, the design of the current education system, and the philosophy of the provincial curriculum with its adaptive dimension, **the retention of some form of local governance of education must be accepted as a given**. However, several issues pertaining to the nature and role of this governance structure must be addressed.

First, should the special function local jurisdiction be retained for education? While there may be some administrative advantages in having all activities relying heavily on the local tax base to come under one authority for the co-ordination of services and assignment of priorities, the consultants believe that the inclusion of the local education function under **a county system of local government is no longer an option for consideration.** With the possible establishment of religious-majority and minority schools, linguistic-majority and minority schools, Indian and Metis schools, etc., the differentiation of the school systems and the probable lack of coterminous boundaries among the educational jurisdictions dictate that, even with a major reform of the municipal governments, the county system cannot be adopted. Further, the recent court decisions yielding the right for representatives of the parents to serve on, or make up, the school boards of some of these differentiated schools could not be transferred to representation on a county board. Also, the complex and contentious nature of the issues facing local school jurisdictions are such that the duties could not be performed along with the duties required in the other functions to be served by local governments and still preserve the part-time public service nature of the representatives. For these and a variety of other reasons, **the consultants believe that the special function local jurisdiction must be retained for education.**

Second, is education a public or private good? The consultants believe that public education is primarily directed to the public good: for the continuation and development of our society, a well-educated and highly motivated citizenry is required. Thus, **the influence of the state has priority over the influence of parents.** This is not to say that the interests of parents and their children should not be considered and protected but it does say that the premises underlying schools make them commonweal organizations and not mutual benefit service organizations.

However, given the complexity of our society and the heterogenous nature of its educational needs, the governance assumption that the representatives of the public-at-large can reflect a consensus in society has been modified in such a manner as to recognize the differentiation at the local level according to certain linguistic, religious and racial groups. Further, with the local development and adaptation of curriculum so that education can better meet the needs of individual students and their parents, recognition of the right of parental influence at the school level has been given but no corresponding change in the governance structure has been made. **Thus, while the consultants believe that education is a public good and the influence of the state should have priority, they recognize that public education also has elements of private good that should allow for the influence of parents in the governance structure.**

In this discussion, it should be noted that the right of parents to protect the interests of their child and to be involved in the decision making associated with their child is recognized in statute and has been supported by the courts. This distinction between the individual rights of parents to be involved in the education of their child and the collective right of parents to be involved in the education of the children must be noted. The concept of a parent's right to educate their own children is put forward as an individual not a collective right. Some parents believing in the natural right of parents would be more reluctant to relinquish this right to a group of parents than to representatives of the public-at-large. On the other hand, the right of parents with common interests to aggregate their children and establish private schools has been provided for in statute.

From the above and out of recognition of the merits of both representational and participatory definitions of democracy, **the consultants have concluded that the representatives on the fiscally responsible board must be comprised of members elected as representatives of the public-at-large: Francophone schools being the exception. On the other hand, attempts should be made to enhance the role of parents in the governance and administration of education at the school level.**

With the limited flexibility available to small schools in the provincial system, the sparsity of the population and the heavy reliance on transportation systems, the belief that all children have an equal right to a quality comprehensive education, and with our acceptance of the principle of the prior right of the state in educational decision making, the **consultants cannot recommend that elements of the market place philosophy be adopted.** In our opinion, the choice among schools should be based upon the objective of providing for access to this quality comprehensive education or for access to subjects and programs desired by individuals and not available in the local school but not as an instrument for democratic accountability and for independent market place competition among schools and school systems. Besides, given the nebulous nature of many educational outcomes and the differential ability of individuals to access and assess the market place, the consultants do not have a blind faith in the market system as the instrument for educational governance and democratic accountability.

Third, should the election of school board members be on a partisan or nonpartisan basis? Currently, candidates for membership on school boards are predominantly nominated and elected on an "acquaintance" basis. The community being served and the visibility of the individuals are such that personal knowledge is held by a large number of the electors of the individuals available for office and their strengths and weaknesses. However, as pointed out by Robinson and Cohen, this election of board members on a nonpartisan basis "has come under increasingly critical review."

> Critics point out that nonpartisan boards are generally conservative and socially unresponsive and they tend to be dominated by their professional staffs . . . . A number of writers have argued that what school boards need to strengthen their hands in dealing with their professionals and in becoming more responsibe to public needs is a hefty dose of party politics . . . . Partisan elections in school districts would result in more competition for office, more incumbent defeats, more calls for policy changes by candidates, more issue differences between candidates, more challenge of professional staff, and more responsiveness to community demands. Above all, partisan elections would assist the processes of political aggregation and political articulation - - two processes fundamental to responsive government. In terms of political aggregation, the existence of political parties in school board elections would serve to aggregate into identifiable groups candidates' attitudes and opinions which presumably reflect the range of attitudes and opinions found among the general electorate. In term of political articulation, the debate that occurs in a partisan election would serve to articulate and give voice to the attitudes and opinions held by the general public. Since a partisan election would provide for better political aggregation and political articulation, voters would likely have a clearer understanding of the ideological and policy choices available to them than is the case in a nonpartisan election ("The Effects of Partisanism in Suburban School Board Elections," unpublished paper, 1991, pp. 2-3).

The advocates of nonpartisan elections hold that party politics have no place in education at the local level. The "bargaining" that occurs among members should be based on pluralistic notions and not political ideology. These people also hold that partisan elections tend to move many issues not of an educational nature onto the educational stage and to divert the attention of the board from its educational policy and management role.

With the advocacy of larger school divisions, the matter of the partisan or nonpartisan elections must be addressed by the consultants. Out of a belief in local autonomy and a belief in a balance between central and local powers, coupled with the knowledge that many issues faced by school boards must be resolved on a consensual rather than a confrontational basis, **the consultants hold that any reorganization of school jurisdictions must attempt to preserve the nonpartisan "acquaintance" features of current school board elections.**

Fourth, what is the community served by the local educational jurisdiction? As outlined in the historical section, the original definition of community was geographic and included a small area within which it was safe to assume that the individuals knew each other and there was a community of common interests. However, with the improvement of the communications systems and with the increased mobility of the population, the community expanded to include a much larger area. Towns with populations under 2000 and the rural areas were seen as having achieved such an interdependence that the residents therein saw themselves as a community. The town and village centres reasons for existence were seen as providing services to the rural areas and the rural areas placed heavy reliance on those services. The assumptions of acquaintanceship and a community of common interests could be safely made. For the larger urban centres, the sense of community with the surrounding rural areas was less evident and many of the issues in these larger centres were seen strictly as urban concerns.

The consultants believe a further integration of rural and urban communities into one school jurisdiction is necessary. Many rural school jurisdictions are unable to function as independent local government jurisdictions: they are deficient in the resources and population bases necessary to provide effective services. As noted in the review of the English schools, **the curriculum is becoming defined as that which can be offered in small schools in small jurisdictions rather than by the needs of the students and society and the desire to provide equality of access to a quality education.** The combination of rural and urban jurisdictions is necessary to achieve many administrative economies and at the same time improve both the quality and range of educational services. However, although there has been an increased integration of services and interaction among the rural and larger urban centres, to classify this integration as being evidence of a "community" would be stretching the concept of community. Thus, **the subunits established within enlarged school jurisdictions must be such as to foster and reflect the sense of community and to allow for networks of communications for public input into and identification with the school jurisdiction. Further, the organization of the administration or governance of the local school or district must be such that community and parental input can be made at the local level, and transmitted and considered at the central level.**

While the consultants have suggested in their review of capital funding "that several boards of education will have opportunities to further consolidation, both in rural and urban settings," they also recognize that rural schools may be central to the survival of some small communities, and, given our geography, that small rural schools will continue to exist regardless of any scheme to reorganize school jurisdictions. As noted by Margaret Haughey, if we wish to preserve these communities, we must ". . . recognize the importance of program equity as well as fiscal equity for rural schools if these schools are to be a positive force for the retention of families in the community (M. Haughey, "Distance Education in Schools," The Canadian Administrator, May, 1990, p. 4). In commenting on the initiatives to promote program equity for rural schools in the state of Victoria, Australia, Conboy and Cruz stated:

> It is only through cooperation between regional schools in the rural area that sufficient educational resources can be available for children who live and learn at a distance. The criteria for

> expenditure have to meet two non-negotiable needs. Firstly, the needs for appropriate technology promoting a desirable educational context for the teaching and learning of students in more distant parts of the state: secondly, the further need to promote and develop educational and social interaction of clusters of schools in the regions to enable them to provide each other with mutual support in their attempts to retain their rural cultural identity (I. Conboy and V. D'Cruz, "Technological resources and related social issues in distance education programmes in small, remote rural schools," Distance Education, p. 103).

Owing to this need to promote program equity in small rural schools, the consultants are advocating the development of distance education units within the reorganized school divisions.

Fifth, what do we mean by trusteeship? As pointed out in the Report on School Governance in Northern Saskatchewan,

> One of the principles underlying our local governance of schools is lay control of education. At the school board level, this principle has been embodied in the concept of "trusteeship". Trustees are citizens elected from and by the public-at-large to serve as members of a school board. These elected officials have the duty to serve the best interests of the entire electoral district. They are not there to represent the vested interests of particular communities or groups of individuals. Individually and collectively, they are there to represent and promote the general good. In order to ensure that trustees do not represent an institutionally vested interest and in order to avoid conflicts of interest, trustees are not, for example, to be employees of the school system. Trustees are to be individuals providing a community service. For this service, they receive an honorarium and not remuneration. Thus, trusteeship is considered to be an act of public service and not, in part or in whole, a means of subsistence nor an occupation.
>
> Given these understandings, the governance structure must be such that the duties to be performed by trustees should yield a workload commensurate with that associated with volunteers. This workload should not lead to foregone opportunities nor foregone income for the trustees. All citizens should be able to run for public office (pp. 38-39).

The consultants endorse this position: trustees should be seen as volunteers providing a public service. The role should not be such that full-time or near full-time commitment must be made. Within reason, all citizens should have the ability to serve. Thus, the administrative resources of the school division must be such that they can assume the management and administrative functions and entrust the policymaking to the school board.

Sixth, if lay control of education is endorsed then what role should teachers play in governace? With the delegation of authority on the Adaptive Dimension to the teacher and school staff, including the requirement for consultation with the parents, the role of the teacher has been changed to recognize the professional nature of the duties. In addition, with this decentralization of curriculum and assessment, a major portion of the educational program and services will be determined by the profession. In recognition of this fact, **the teachers and principals must be given recognition in the governance process and their powers to initiate educational and administrative policy recognized.**

Seventh, **the government and the courts have recognized the right of the religious and linguistic minorities to govern their own schools, and the Metis and Indians are advocating for their own systems. The jurisdictions and structures advocated in this study are intended to foster and advance the viability of the public school divisions while recognizing the differentiations that have been, or may be, decided by governments and the courts.**

CONCLUSIONS AND RECOMMENDATIONS
SCHOOL GOVERNANCE AND ORGANIZATION

Throughout the earlier chapters of this report, several conclusions were reported with reference to the financial, historical, legal, educational and demographic aspects of the study. It remains to bring these conclusions together and to make recommendations on the governance and organization of schools.

Basic Conclusions

The consultants have reached the following conclusions fundamental to the nature of the provincial education system.

1) The delivery of education should be through a system of local jurisdictions established by the provincial government and functioning within a governance structure of locally-elected boards of education. The membership on the boards consisting of lay people elected from among the electors of the school division.

2) For the purposes of governance and organization, the special function nature of the local educational jurisdiction must be retained. The county system for school governance cannot be adopted.

3) The rights of the religious minority to establish, within a public school district, a separate school division with its own separate board are preserved.

4) The interests of the public are best served through a model that permits the exercise of local autonomy.

5) A flat system of school jurisdictions, versus a hierarchical system, best serves the educational interests of students and parents. It is the duty of the local school jurisdiction to provide the appropriate educational services for students whose parents or guardians are resident in the school division at the cost of the division.

6) Improved services to pupils, equality of educational opportunity, and more efficient use of resources will be driven primarily by improved programs for the distribution of funds, a restructuring of school divisions, and better definition of the services required to meet the educational outcomes.

Objectives of Restructuring

By restructuring, the objectives should be the following:

1) **Educational**

a. to promote the child's right to a broad/general education appropriate to her or his needs and circumstances.
b. to increase the ability of the jurisdictions to ensure quality education in all schools.
c. to provide access to special education services and facilities; to enriched programs; to comprehensive secondary education; and, to co-curricular programs.
d. to provide support services for the delivery of special education, enriched programs, the Adaptive Dimension, locally-developed courses and distance education.
e. to enhance student and parental choice of schools, programs and courses.

2) **Autonomy**

a. to promote the exercise of local autonomy.
b. to promote unconditional funding by reducing the heterogeneity of the circumstances faced by school divisions.
c. to allow for greater involvement in capital finance and for enhanced opportunity to rationalize services and improve the utilization of facilities.
d. to enhance the capacity of the local school jurisdictions to exercise the discretion allowed for in the decentralization of educational and organizational decision making.

3) **Finance**

a. to provide a desirable and realistic range of educational programs and services without having to impose an unduly high local tax rate.
b. to allow for grants to be distributed in such a way as to enable each school board to deliver the service levels identified in the fiscal framework with similar tax effort at the school division level.
c. to promote unconditional funding.
d. to reduce disparity in tax bases and promote equality in tax effort.
e. to assist the implementation of the Resource-Cost Model.
f. to promote the stability of tax bases.
g. to protect against the vagaries of major enrolment changes, shifts in the incidence of special education students, establishment of minority and private schools, etc.
h. to implement the capital funding proposal.
i. to improve access to schools by reducing the need for tuition fees.

4) **Administration**

- a. to improve the support services.
- b. to improve the administrative expertise and specialization available to the school jurisdiction. To promote the ability to have administrative specialists, facility maintenance and planning personnel, human resource management, transportation supervisors, accounting and purchasing personnel.
- c. to rationalize programs, services and facilities.
- d. to increase hiring power and maintenance and development of personnel.
- e. to promote innovation and experimentation.
- f. to improve articulation with outside agencies.

5) **Trusteeship and Involvement**

- a. to promote the meaningful involvement of trustees and parents in the educational and administrative policy decision-making processes.
- b. to retain the part-time community service nature of the school trusteeship.
- c. to promote the involvement of parents and teachers in the governance at the school level.
- d. to retain the sense of community and to promote communication among the communities served by the school division.

6) **Size**

- a. "The ideal size of a larger unit of administration has been expressed as that which has the pupils and resources [illegible] offer a comprehensive program of education from kindergarten through high school ..., is able to maintain competent staff; and can finance without undue tax burden. In addition, the size should be that in which ratepayers can effectively participate in program planning and policy making" (Royal Commission on Agriculture and Rural Life, pp. 106-107).
- b. to ensure quality education in all schools, to meet the right of students to a broad/general education, and to enhance the equality of educational opportunities.
- c. to allow for i) divisional special education assessment and delivery support services, ii) congregated special education facilities, iii) enhanced divisional resource centre and resource centre support personnel, iv) program planning, development and evaluation, v) distance education personnel, equipment and materials, and v) program and course choices.
- d. to have enrolment level high enough that the viability of the division is anticipated to exist for a "half life" of twenty years.

7) **Boundaries**

- a. include the population of students required to meet the above objectives.

b. recognize the current investments in school facilities, buses, and other capital equipment and property.
c. reflect a "community" that takes into account the enrolment patterns of students, communications patterns, shopping patterns, etc.
d. take into consideration natural barriers, highways, special interests and local wishes.
e. include a mix of urban and rural areas so that increased similarity in assessment bases are achieved and the effects of any reassessment are dampened.
f. includes a Comprehensive School or allows for the establishment of a regional high school capable of delivery a comprehensive program and providing support for local secondary schools.
g. is sensitive to the efforts to establish linguistic minority school jurisdictions and other differentiation that may occur.
h. achieve a reasonable balance between urban and rural populations so that the interest of both can be adequately represented.

Recommendations

On the basis of the analyses contained in the various chapters and the conclusions and objectives listed above, the consultants make the following recommendations on the restructuring of schools:

G-1 - That Larger School Divisions be established in accordance with the following:

- **Enrolments of approximately 7,000 pupils**
- **Inclusion of rural, village, town and city areas within each Larger School Division except for Regina, Saskatoon, and existing separate school divisions**
- **The Larger School Division be the unit of local governance for schools**
- **Membership of the Larger School Division board consisting of 11 to 15 members elected from the school districts within the Larger School Division**
- **With the exception of the establishment of school districts and their boundaries, the current duties assigned to boards of education be assumed by the Division board of education**

G-2 - That the Minister of Education establish a special boundaries commission for the purpose of developing specific proposals for the boundaries of Larger School divisions and school districts to be considered by the public and, eventually, the Minister for implementation.

G-3 - That the school divisions within the cities of Regina and Saskatoon remain as urban school divisions with the membership and duties of their

boards of education remaining unchanged, provided that pupils from contiguous Larger School Divisions be permitted to attend secondary schools in these cities without payment of tuition fees in order to enable these pupils to have the same access to comprehensive secondary education that would be available to others in the province.

G-4 - That the school districts and their boundaries be established to facilitate the following;

- **To serve as the electoral districts from which the members of the Larger School division board would be elected by the electors residing in the school district**
- **To reflect the community interest, such as an school attendance area, or cluster of school attendance areas**
- **To have roughly the same electoral population base, within reasonable limits**
- **To permit multiple board members from a school district, where the population warrants.**

G-5 - That the existing public school districts and divisions be disestablished.

G-6 - That the existing separate school divisions operating schools be retained but granted the option of amalgamating with the Larger School Division.

G-7 - That separate school divisions not operating schools be disestablished.

G-8 - That a school council for each school be established within each Larger School Division with membership on the council consisting of the principal and members elected from among the parents and teachers by the parents and teachers, respectively; the number of members from each group to be determined by the Division Board.

G-9 - That the duties and responsibilities of school councils be primarily advisory to the principal and the Division Board with particular attention to the following:

- **Initiatory duties with respect to religious education and language of instruction with the power to recommend to the Division Board on these matters**
- **Consideration of educational and budgetary proposals for the school to be forwarded by the principal to the Director of Education for consideration**
- **Review of school level initiatives under the Adaptive Dimension of the Core Curriculum and locally-developed courses**
- **Other duties as may be assigned to the councils by the Division**

Board

G-10 - That the school councils be required to hold at least one general meeting with parents each school term.

G-11 - That the election of parent representatives on school councils be conducted at an annual parents' meeting.

Illustration and Assessment

For illustrative purposes, the consultants have included the attached maps containing maps of Saskatchewan with 15 and 14 Larger School Divisions outlined. To prevent any misunderstanding, the consultants are not presenting these maps and boundaries as possible alternative solutions. They are schema to represent a rough approximation of the results of the implementation of the criteria stated above related to school division boundaries.

The purpose of presenting two schema is to illustrate the fact that when the priority among the criteria are shifted the results change. In Figure G-1, greater priority was given to the communication patterns and the highways than the placement of Comprehensive and larger high schools. In Figure G-2, the priorities were shifted in the Melville and Yorkton areas to give greater weight to the Comprehensive school and recognition of the current facilities investment. The resultant changes in the boundaries are quite evident. These schema demonstrate the need to establish an independent commission to determine the actual boundaries.

The consultants used the 15 larger school division schema to assess the effects on assessments and enrolments.

Larger School Division Assessments. In a shared cost funding program, the nature and size of the local tax bases, which are the primary source of local revenues and the measure of school division fiscal capacity, are very important to the school division's ability to raise funds and Saskatchewan Education's ability to discuss distribution formulas. Currently, a wide variance exists in school division assessment bases.

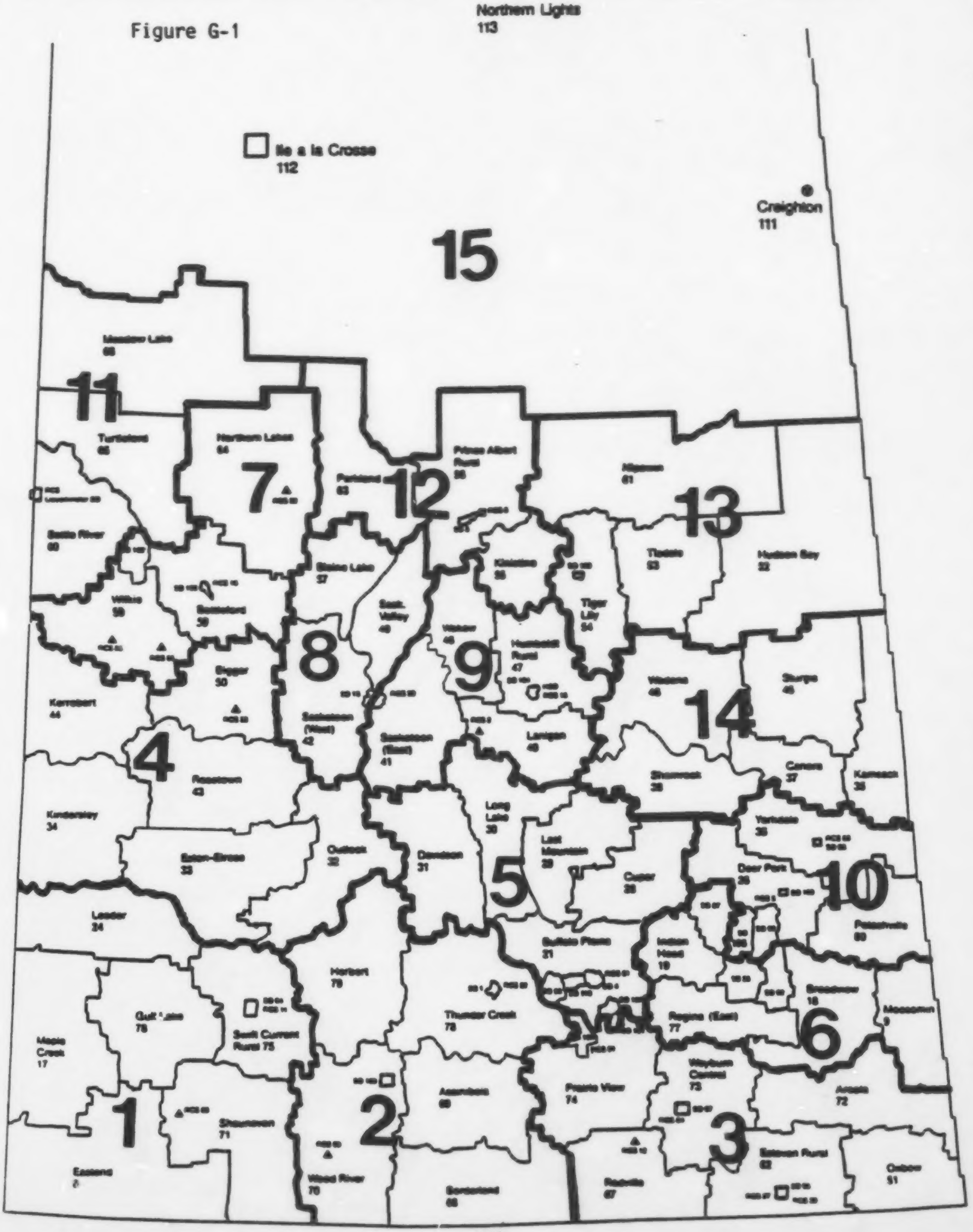
As depicted in Table G-1 and Figure G-3, in the simulated larger school divisions, the 1989 assessments for public school divisions ranged from $167.3 million to $878.7 million, a factor of 5.25 from high to low. In 1989, the assessment bases for public school divisions with pupils ranged from $1.9 million to $878.7 million, a factor of 460.78 from high to low.

The larger tax bases provide two major beneficial effects. First, boards of education can address specific initiatives more easily through tax levies. In this illustration, a one mill levy from the smallest simulated public school division would yield $167,300, compared with $1,907 in the current structure. As a result, boards of education can have greater opportunity to exercise local autonomy in their decision making.

SIMULATED LARGER SCHOOL DIVISIONS IN SASKATCHEWAN (1)

NOTE: *Larger School Division No. 5 does not include the City of Regina.*
Larger School Divisions Nos. 8 and 9 do not include the City of Saskatoon.
Separate school divisions are not included.

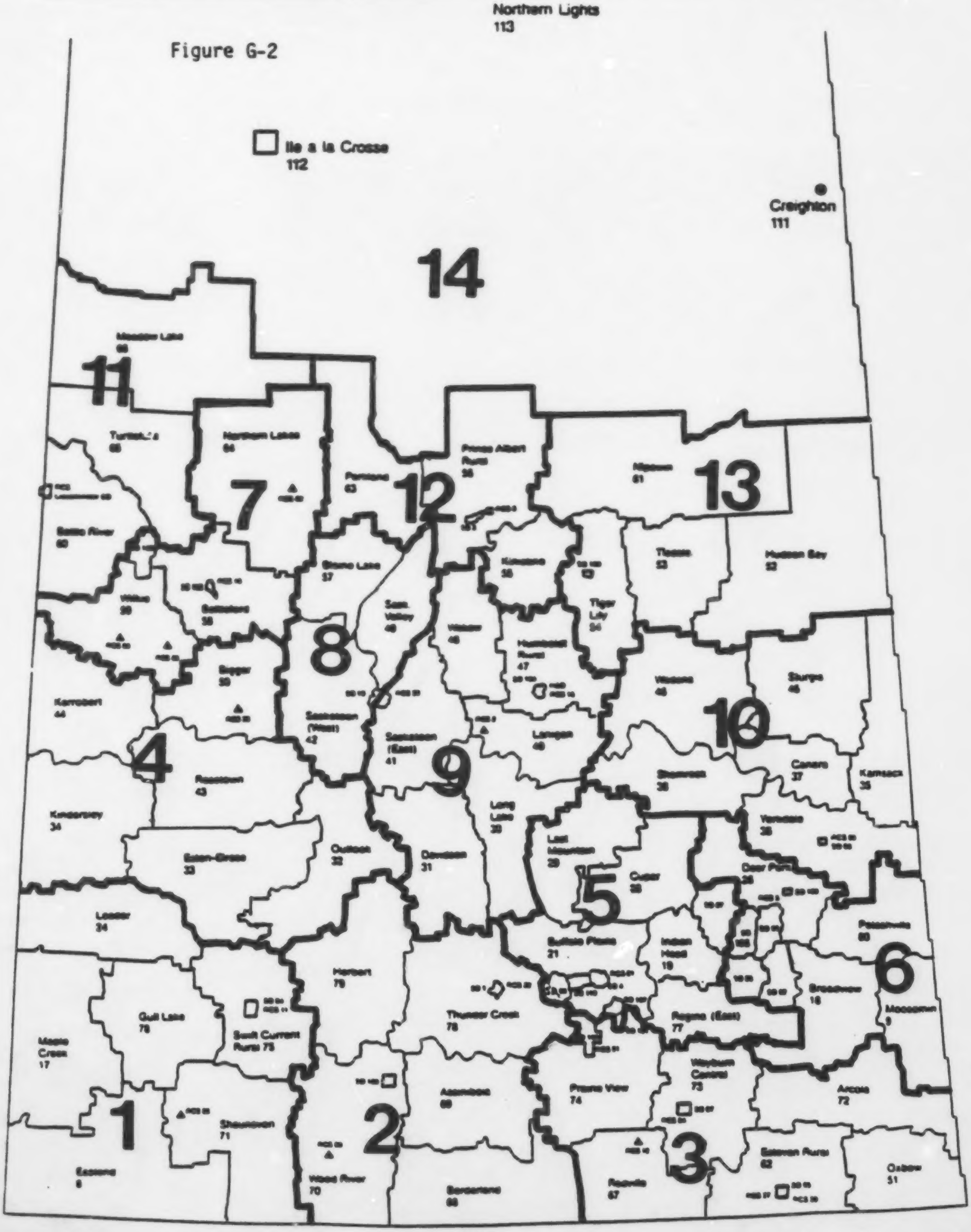
Figure G-1


Northern Lights
113
Ile a la Crosse
112
Creighton
111
15
Meadow Lake
66
11
Turtleford
65
Northern Lakes
64
7
Parkland
63
12
Prince Albert Rural
56
Nipawin
61
13
Battle River
60
Wilkie
59
Battleford
58
Blaine Lake
57
Sask. Valley
49
Kinistino
55
Tisdale
53
Hudson Bay
52
Tiger Lily
54
Wakaw
48
9
Humboldt Rural
47
8
Biggar
50
Kerrobert
44
Saskatoon (West)
42
Saskatoon (East)
41
Lanigan
40
Wadena
46
14
Sturgis
45
4
Rosetown
43
Kindersley
34
Shamrock
38
Canora
37
Kamsack
35
Long Lake
30
Outlook
32
Davidson
31
Eston-Elrose
33
Last Mountain
29
Yorkdale
36
Cupar
28
Deer Park
26
10
5
Leader
24
Buffalo Plains
21
Indian Head
19
Broadview
18
Moosomin
9
6
Regina (East)
77
Herbert
79
Thunder Creek
78
Gull Lake
76
Swift Current Rural 75
Maple Creek
17
Weyburn Central
73
Prairie View
74
Assiniboia
69
Arcola
72
1
Shaunavon
71
2
3
Estevan Rural
62
Eastend
8
Wood River
70
Radville
67
Borderland
68
Oxbow
51

SIMULATED LARGER SCHOOL DIVISIONS IN SASKATCHEWAN (2)

NOTE: *Larger School Division No. 5 does not include the City of Regina.*
Larger School Divisions Nos. 8 and 9 do not include the City of Saskatoon.
Separate school divisions are not included.

Figure G-2


Northern Lights
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Sask. Valley
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Wakaw
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Humboldt Rural
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Tiger Lily
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Biggar
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Sturgis
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Kerrobert
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Saskatoon (West)
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Saskatoon (East)
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Lanigan
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Canora
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Kamsack
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Rosetown
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Long Lake
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Last Mountain
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Cupar
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Deer Park
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Eston-Elrose
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Outlook
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Davidson
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Leader
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Buffalo Plains
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Indian Head
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Broadview
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Moosomin
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Herbert
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Maple Creek
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Prairie View
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Weyburn Central
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Arcola
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Eastend
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Wood River
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Borderland
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Radville
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Estevan Rural
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Oxbow
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Table G-1

Assessments in Simulated Public School Divisions (1) and Range of Assessments in Existing Public School Divisions Within the Simulated Larger School Divisions - 1989 Fiscal Year

Division	Assessment	Assessment/Pupil	Assessment/Pupil Range
1	$352,580,187	$42,567	$41,292 - $65,611
2	385,627,408	34,857	16,839 - 54,473
3	432,712,235	43,917	25,159 - 87,451
4	399,539,554	48,277	33,179 - 56,223
5	297,827,484	35,604	26,851 - 158,523
6	226,194,066	33,370	27,574 - 43,821
7	189,534,241	29,518	19,848 - 36,800
8	167,274,951	21,609	13,949 - 31,967
9	221,379,200	32,690	28,244 - 82,799
10	215,560,828	32,333	28,792 - 39,674
11	201,945,663	29,949	16,249 - 49,273
12	244,111,635	23,278	19,684 - 31,693
13	220,255,239	26,759	20,991 - 32,696
14	259,589,992	32,686	29,514 - 56,187
15	62,659,378	11,814	4,942 - 21,046
16	878,698,066	35,756	N/A
17	859,419,167	40,046	N/A
Total	$5,615,629,294	$34,037	$4,942 - 158,523

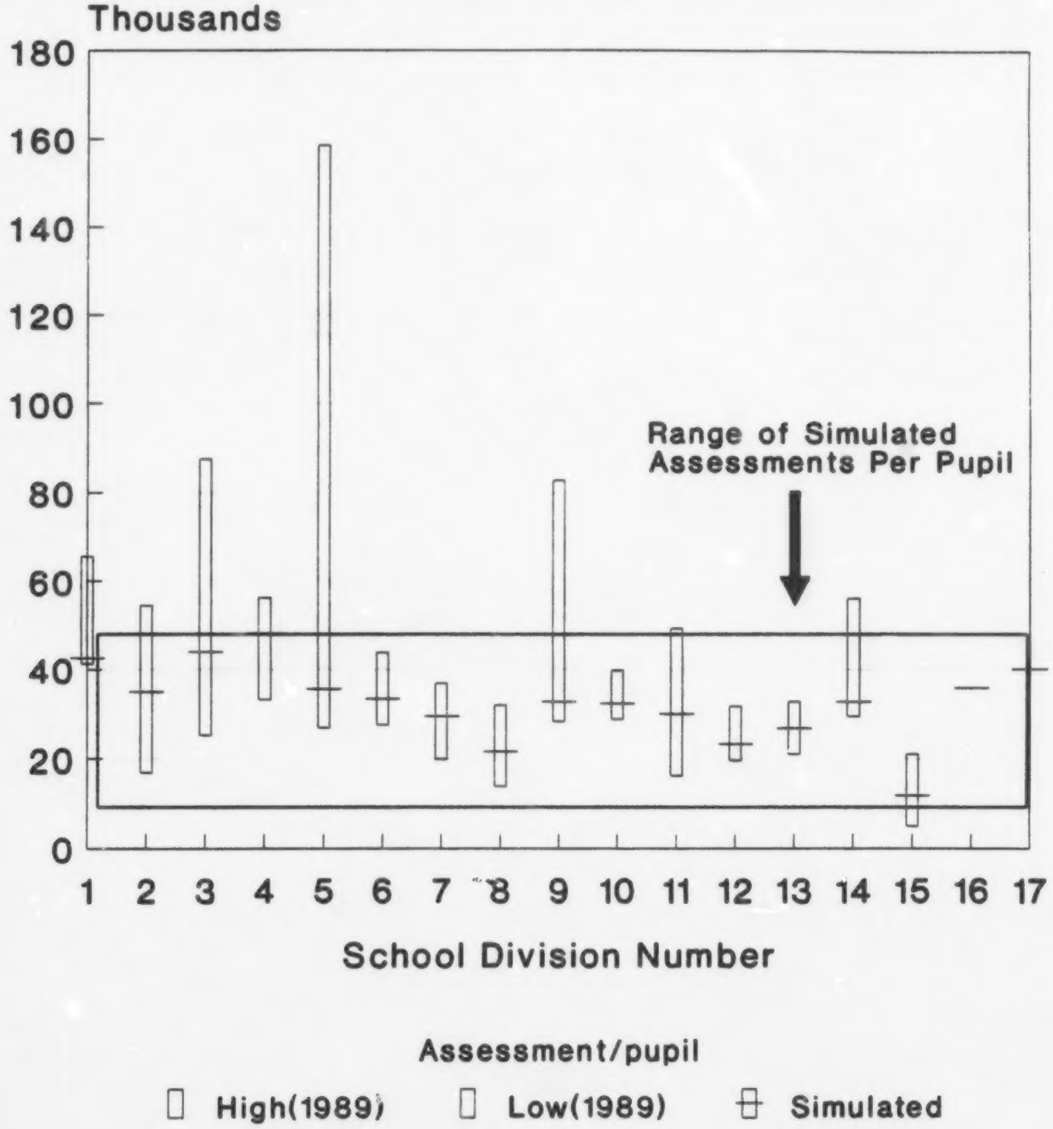
Second, the reduced variance in the tax bases makes it much easier to develop provincial distribution formulas, both in terms of operating and capital funding. The ability to provide better equalization in the distribution formulas is significantly enhanced. To illustrate, under the current structure,, the assessment per pupil for public school divisions ranges from $4,942 to $158,523, based on 1989, assessments. Under the simulated structures, the range is from $11,814 to $48,277. If the northern areas were removed from these statistics, the range would be $23,278 to $48,277. When combined with the reduced number of school divisions, the reduced variance in assessments would greatly enhance the ability to deal with equalization issues in the distribution of available funds.

The consultants recognize that the same issues apply to separate school divisions because the capacity to raise funds locally also applies to these boards of education. As well, the issues relating to the distribution formulas also apply. However, because of constitutional impediments, the opportunity to restructure these school divisions does not exist. The twenty-two separate school divisions currently in operation (two do not operate any programs) provide services to 33,961 pupils. However, when the three largest are removed from those numbers, the total remaining separate school population is 8,230 pupils, equal to 4.2 percent of the total school population. These smaller school divisions had a combined 1989 assessment of $190,235,058, equal to 2.9 percent of the total assessment in the province.

Figure G-3

Property Assessments Per Pupil

Simulated vs 1989 Actual - Public School Divisions Only



Simulated school divisions(1)

While the consultants acknowledge the need to deal with these small separate school divisions in an equitable manner, they suggest that the decisions pertaining to the restructuring of school divisions and grants programs should not be driven by the fact that these small school divisions would remain in place. The school division structure should be determined on its own merits for the 95 percent of the pupils that are not served in these small separate school divisions. Further, the consultants suggest that these small separate school divisions will need to find creative ways to provide the support services required to meet the demands of the school of the future, which may include contracting services from larger school divisions or shared services among themselves. Generally, these approaches are less efficient and effective than the structure proposed for the public school divisions.

Larger School Division Enrolments. In order to ascertain the nature of the areas encompassed by the boundaries when the criterion of approximately 7,000 students was used and to look at the effects of enrolment changes on these areas over the past three years, Table G-2 and Figure G-4 were created. Inspection of this Table would show that the enrolments among the larger school divisions range from lows of 5,446 and 6,214 students, respectively, in the Northern Saskatchewan and North Battleford areas to highs of 10,908 and 10,057 students in the Assiniboia-Moose Jaw and Prince Albert-Kinistino areas, respectively. The average enrolments among this configuration of divisions would be 7,728.

When the enrolment changes are inspected, the dampening effect of larger enrolment shifts by having larger school jurisdiction is very evident. While there were major variations in the enrolment shifts within the larger school divisions, the effect within the divisions were significantly dampened and the variation among the divisions fell into a much narrow range.

Table G-2

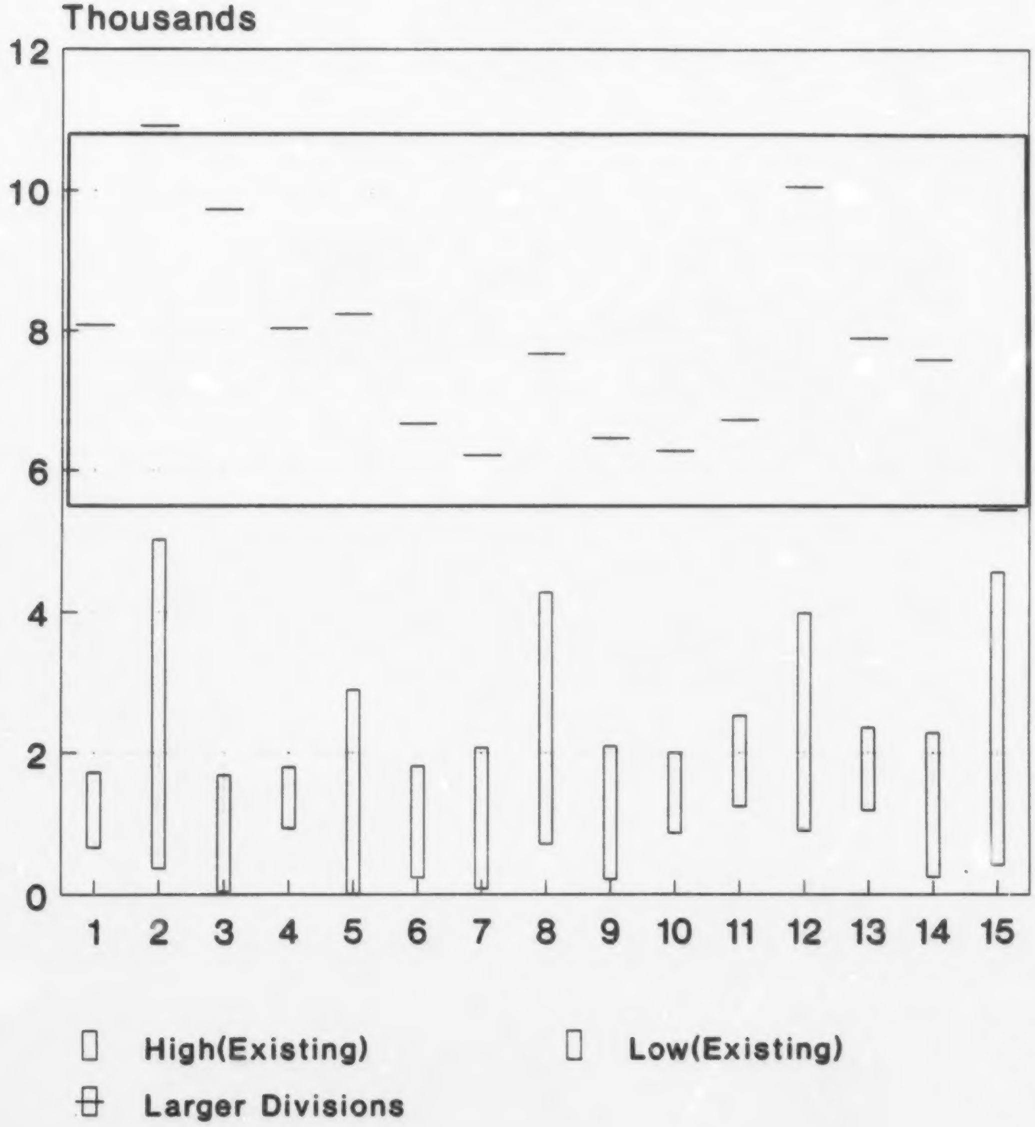
Enrolments in Simulated Public School Divisions (1)
And Range of Enrolments in Existing Public School Divisions
Within the Simulated Larger School Divisions - 1991

Division	Simulated Enrolment	Existing Average	Range
1	8,078	1,010	658 - 1,722
2	10,908	1,558	365 - 5,020
3	9,729	973	41 - 1,682
4	8,030	1,338	932 - 1,796
5	8,231	915	0 - 2,898
6	6,658	951	238 - 1,814
7	6,214	1,243	80 - 2,072
8	7,661	2,554	709 - 4,279
9	6,452	1,075	212 - 2,096
10	6,273	1,255	862 - 1,996
11	6,720	1,680	1,244 - 2,532
12	10,057	2,011	899 - 3,982
13	7,892	1,578	1,180 - 2,359
14	7,579	1,083	245 - 2,286
15	5,446	1,815	413 - 4,565
16	24,346	N/A	N/A
17	21,719	N/A	N/A
Total	161,993	1,421	24,346

Figure G-4

Enrolments Range - 1991

Existing versus simluated Larger School Divisions



Excludes Regina, Saskatoon and Separates

When the divisions were assessed on the basis of having the fiscal capacity and ability to provide the desired services listed among the objectives and criteria, the consultants were of the opinion that divisions similar to those illustrated in these schemata would have the ability to provide these services and programs.

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APPENDICES

B-1 Comparative Tax Rates

G-1 Assessments - Larger School Divisions(1)

G-2 Enrolments - Larger School Divisions (1)

G-3 Rural School Division Enrolments, 1989

G-4 Percentage Change in Enrolments - Rural School Divisions Only (1976-1989)

G-5 Executive Summary from Interim Report

G-6 Data Received from the Consultative Process from Interim Report

APPENDIX B-1

COMPARATIVE TAX RATES
as of June 1, 1991

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland
1991-92 Budget Address	May 21	April 4	April 22	April 16	April 30	May 2	April 2	May 14	April 9	March 7
Prov. Income Tax (% of Fed. Basic Tax)	51.5	46.5	50.0	52.0	53.0	-[1]	60.0	59.5	57.0[2]	62.0
Flat Tax (% of Net or Taxable Income)	0	0.5[3]	2.0[3]	2.0[3]	0	0	0	0	0	0
Payroll Tax (% of Gross Wages & Salaries)	0	0	0	2.25 over $1,200,000[9]	1.95 over $400,000[9]	3.45 over $0[9]	0	0	0	1.5 over $300,000[9]
Corporate Income Tax (% of Taxable Income)	9-15	6-15.5	10-15	10-17	10-15.5	3.5-15.0[11]	9-17	10-16	10-15	10-17
Corporate Capital Tax (% of Taxable Paid-up Capital)	2.0[10]	2.0[10]	0.5-3.0	0.5-3.0	0.3-1.0	0.5-0.9	3.0[10]	3.0[10]	3.0[10]	3.0[10]
Unleaded Gasoline (c per litre)	11.0	9.0	10.0	10.5	13.0	12.0	12.7	13.8	12.3	13.7
Diesel Fuel (c per litre)	11.44	9.0	10.0	10.9	12.6	10.6	13.7	16.4	12.4	15.6
Retail Sales (%)	6	0	7	7	8	8[4]	11	10	10	12
Cigarettes (c per 25)	200	175	167[6]	200[5][6]	162.5[6]	144[6]	234.5[6]	170[6]	225	169.5[6]
Hospital Insurance & Medical Services (Annual Premium)	$840 family $420 single	$624 family $312 single	0	0	0	0	0	0	0	0
Pari-Mutuel (%)	7	5	10	9.5	7	9	11	11	8.5-15.5	11
Insurance Premiums (%)	2-4	2-3	2-3	2-3	2-3	2-3	2-3	3-4	3	4
Personal Income Surtax (%)	10% on Tax Over $9,000	8% on Tax Over $3,500	15% on Tax Over $4,000	2% of Adjusted Net Income Over $30,000	14% on Tax Over $10,000	0	8% on Tax Over $13,500	10% on Tax Over $10,000	10% on Tax Over $12,500	0

COMPARATIVE TAX RATES

Notes

a. Quebec levies its own tax.

b. Prince Edward Island announced in its April 9, 1991 budget that provincial income tax will increase to 59% of Basic Federal Tax effective July 1 1991, and to 59.5% effective January 1, 1992.

c. Alberta's flat tax applies to Taxable Income; in Manitoba and Saskatchewan, the flat tax applies to Net Income.

d. Manitoba's payroll tax is 2.25% of gross wages and salaries over $1,200,000; for gross wages and salaries between $600,000 and $1,200,000 the rate is 4.50% on the amount over $600,000; for gross wages and salaries under $600,000 the tax does not apply.

Ontario's payroll tax is 1.95% of gross wages and salaries over $400,000 and 0.98% of gross wages and salaries under $400,000.

In Quebec, all companies pay 3.45% of gross wages and salaries.

Newfoundland introduced a payroll tax at the rate of 1.5% of wages and salaries over $300,000 effective August 1, 1990.

e. Quebec's small business rate is 3.5%; large business rate will increase to 6.9% on September 1, 1991; personal service corporation rate is 15.0%.

f. Applies to Banks, Trust and Loan Companies. Alberta introduced a Corporation Capital Tax on financial institutions effective April 1, 1990.

g. Quebec began including the GST in its provincial retail sales tax base on January 1, 1991, resulting in a decrease in the effective retail tax rate to 8%; inclusion of GST in the provincial base and partial harmonization of the two taxes also contributed to lower effective provincial rates of tax on unleaded gasoline, diesel fuel and cigarettes in Quebec.

h. Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland apply retail sales tax to tobacco.

Revenue Impact of Potential Tax Changes

Tax	Current Rate	Proposed Rate	Percent Change	91-92 Value of % Point ($Millions)
Sales Tax	7%	8%	14.3%	$ 64.5
Personal Income Tax*	50%	51%	2.0%	15.3
Flat Tax	2%	3%	50.0%	127.5
Corporate Income Tax (General)	15%	16%	6.7%	4.7
Corporate Capital Tax (General)	3.0%	3.1%	3.3%	10.5

* Current rate is based on a percentage of Federal basic tax.

Source: Saskatchewan Finance

Appendix G-1

ASSESSMENTS - LARGER SCHOOL DIVISIONS(1)

LSD1	SCHOOL DIVISION	1989 PSSR	ASSESSMENT 1989	ASSESS/PUPIL 1989
	Public school Divisions			
1	Eastend	720	37,048,443	51,456
1	Gull Lake	708	38,380,534	54,210
1	Leader	766	50,257,678	65,611
1	Maple Creek	1104	45,585,985	41,292
1	Shaunavon	1014	47,594,329	46,937
1	Prairie West	1028	48,296,978	46,981
1	S.C. Comp	912		
1	S.C. Public	2031	85,416,240	42,056
		8283	352,580,187	42,567
2	Assiniboia	1239	47,786,833	38,569
2	Borderland	1176	44,764,502	38,065
2	Gravelbourg	396	6,668,377	16,839
2	Herbert	1076	44,896,818	41,726
2	Moose Jaw Public	4983	132,401,125	26,571
2	Thunder Creek	1316	71,686,053	54,473
2	Wood River	877	37,423,700	42,672
		11063	385,627,408	34,857
3	Arcola	1753	65,850,000	37,564
3	Estevan Comp	580		
3	Estevan rural	974	75,258,708	77,268
3	Estevan Public	1173	37,968,969	32,369
3	Oxbow	1239	66,130,059	53,374
3	Prairie View	1101	48,570,470	44,115
3	Radville	625	30,215,897	48,345
3	Weyburn Central	749	65,500,923	87,451
3	Weyburn Public	1608	40,455,714	25,159
3	Wilcox Public	51	2,761,495	54,147
		9853	432,712,235	43,917
4	Biggar	983	32,615,361	33,179
4	Eston Elrose	1201	66,738,295	55,569
4	Kerrobert	1401	68,500,000	48,894
4	Kindersley	1783	95,414,791	53,514
4	Outlook	1393	51,093,375	36,679
4	Rosetown	1515	85,177,732	56,223
		8276	399,539,554	48,277
5	Buffalo Plains	2779	112,616,589	40,524
5	Cupar	1505	40,410,865	26,851

5	Davidson	1010	42,827,441	42,403
5	Estlin		1,819,274	
5	Grand Coulee	101	5,182,908	51,316
5	Gray	12	1,902,280	158,523
5	Last Mountain	1535	41,658,885	27,139
5	Long Lake	1288	46,162,538	35,840
5	Pense	135	5,246,704	38,864
		8365	297,827,484	35,604
6	Balcarres	369	11,681,880	31,658
6	Broadview	1450	47,454,828	32,727
6	Grenfell	412	13,709,810	33,276
6	Indian Head	1739	47,951,707	27,574
6	Moosomin	1432	58,554,318	40,890
6	Regina East	1132	35,905,116	31,718
6	Wolseley	266	11,656,407	43,821
		6800	226,914,066	33,370
7	Battleford	1414	52,034,914	36,800
7	N.B. Public	2068	57,958,597	28,026
7	Northern Lakes	1556	30,883,676	19,848
7	Paynton	93	2,215,533	23,823
7	Wilkie	1290	46,441,521	36,001
		6421	189,534,241	29,518
8	Blaine Lake	852	23,522,102	27,608
8	Sask Valley	4244	59,199,673	13,949
8	Saskatoon West	2645	84,553,176	31,967
		7741	167,274,951	21,609
**9	Humboldt Coll	353	29,227,998	82,799
9	Humboldt Rural	1582	44,681,787	28,244
9	Humboldt Public	214	6,440,320	30,095
9	Lanigan	1149	62,906,243	54,749
9	Saskatoon East	2146	64,446,712	30,031
9	Wakaw	1328	42,904,138	32,307
		6772	221,379,200	32,690
10	Canora	971	38,523,257	39,674
10	Kamsack	1046	35,484,892	33,924
10	Shamrock	1496	49,412,732	33,030
10	Timberline	1127	33,778,858	29,972
10	Wadena	2027	58,361,089	28,792
		6667	215,560,828	32,333
11	Battle River	1687	83,123,416	49,273
*11	Lloydminster Publi	1244	33,662,844	27,060
11	Meadow Lake	2493	40,508,254	16,249

11 Turtleford	1319	44,651,149	33,852
	6743	201,945,663	29,949
12 Kinistino	955	30,267,187	31,693
12 Parkland	1799	35,412,245	19,684
12 Prince Albert	2044	61,454,173	30,066
12 P.A. Comp	1634		
12 P.A. Public	4055	116,978,030	28,848
	10487	244,111,635	23,278
13 Hudson Bay	1551	32,557,272	20,991
13 Melfort	1257	30,042,111	23,900
13 Nipawin	2408	65,341,951	27,135
13 Tiger Lily	1231	40,249,385	32,696
13 Tisdale	1784	52,064,520	29,184
	8231	220,255,239	26,759
14 Deer Park	585	32,869,300	56,187
14 Lemberg	133	6,125,638	46,057
14 Melville Comp	588		
14 Melville Public	479	16,744,260	34,957
14 Neudorf	121	4,831,979	39,934
14 Potashville	2175	77,089,171	35,443
14 Valleyview			
14 Yorkdale	1398	49,235,719	35,219
14 Yorkton Public	2463	72,693,925	29,514
	7942	259,589,992	32,686
15 Creighton	459	9,660,251	21,046
15 Ile A La Crosse	400	1,976,771	4,942
15 Northern Lights	4445	51,022,356	11,479
	5304	62,659,378	11,814
16 Regina Public	24575	878,698,066	35,756
17 Saskatoon Public	21461	859,419,167	40,046
Subtotal - Public	164,984	5,615,629,294	34,037

Separate School Divisions

18 Big Butte Rcs		900,108	
18 St Augustine Rcs		1,440,587	
18 Christ the King	139	2,709,566	19,493
18 Estevan Rcs	612	17,864,387	29,190
18 Humboldt Rcs	571	22,787,653	39,908
*18 Lloydminster Rcs	537	7,562,478	14,083

18 Mankota Rcs	51	860,287	16,868
18 Mathieu Rcs			
18 Moose Jaw Rcs	1575	32,070,401	20,362
18 N.B. Rcs	1676	26,905,663	16,053
18 Spiritwood Rcs	121	2,292,570	18,947
18 St Alphonse Rcs	56	1,050,930	18,767
18 St Gabriel's Rcs	229	3,125,197	13,647
18 St. Henry's Rcs	400	7,142,903	17,857
18 St Olivier Rcs	111	2,520,611	22,708
18 S.C. Rcs	270	12,631,792	46,784
18 Unity Rcs	248	6,061,505	24,442
18 Weyburn Rcs	429	14,492,946	33,783
18 Wilkie Rcs	200	3,275,452	16,377
18 Yorkton Rcs	960	26,880,717	28,001
	8185	190,235,058	23,242
19 P.A. Rcs	2530	74,026,365	29,259
20 Regina Rcs	9642	321,135,242	33,306
21 St. Paul's Rcs	12684	360,860,156	28,450
Subtotal - Separate	33,041	946,256,821	28,639
Total - Province	198025	6,561,886,115	33,137

*The Lloydminster City enrolments include only Sask residents
**The Humboldt Collegiate assessment is removed to avoid double counting

17 Public Divisions
20 Separate Divisions

ENROLMENTS - LARGER SCHOOL DIVISIONS(1)

LSD1	SCHOOL DIVISION	1988 PSSR	1989 PSSR	1990 PSSR	1991 PSSR	1991-1988 PSSR	1991/88 % CHANGE
Public school Divisions							
1	Eastend	716	720	718	727	11	1.54%
1	Gull Lake	699	708	695	658	-41	-5.87%
1	Leader	1003	766	756	762	-241	-24.03%
1	Maple Creek	1114	1104	1100	1087	-27	-2.42%
1	Shaunavon	1044	1014	960	950	-94	-9.00%
1	Prairie West	830	1028	1013	1015	185	22.29%
1	S.C. Comp	905	912	1112	1157	252	27.85%
1	S.C. Public	2143	2031	1796	1722	-421	-19.65%
		8454	8283	8150	8078	-376	-4.45%
2	Assiniboia	1289	1239	1192	1172	-117	-9.08%
2	Borderland	1141	1176	1196	1184	43	3.77%
2	Gravelbourg	387	396	362	365	-22	-5.68%
2	Herbert	1120	1076	1079	1035	-85	-7.59%
2	Moose Jaw Public	5046	4983	4882	5020	-26	-0.52%
2	Thunder Creek	1316	1316	1283	1314	-2	-0.15%
2	Wood River	783	877	848	818	35	4.47%
		11082	11063	10842	10908	-174	-1.57%
3	Arcola	1768	1753	1709	1682	-86	-4.86%
3	Estevan Comp	580	580	758	836	256	44.14%
3	Estevan rural	970	974	933	952	-18	-1.86%
3	Estevan Public	1187	1173	1062	1051	-136	-11.46%
3	Oxbow	1288	1239	1234	1264	-24	-1.86%
3	Prairie View	1117	1101	1112	1081	-36	-3.22%
3	Radville	654	625	602	599	-55	-8.41%
3	Weyburn Central	769	749	717	681	-88	-11.44%
3	Weyburn Public	1631	1608	1554	1542	-89	-5.46%
3	Wilcox Public	49	51	47	41	-8	-16.33%
		10013	9853	9728	9729	-284	-2.84%
4	Biggar	1046	983	961	932	-114	-10.90%
4	Eston Elrose	1236	1201	1173	1167	-69	-5.58%
4	Kerrobert	1419	1401	1365	1328	-91	-6.41%
4	Kindersley	1796	1783	1787	1796		
4	Outlook	1417	1393	1382	1365	-52	-3.67%
4	Rosetown	1556	1515	1481	1442	-114	-7.33%
		8470	8276	8149	8030	-440	-5.19%
5	Buffalo Plains	2672	2779	2832	2898	226	8.46%
5	Cupar	1535	1505	1488	1415	-120	-7.82%

5	Davidson	1064	1010	1021	988	-76	-7.14%
5	Estlin						
5	Grand Coulee	89	101	93	101	12	13.48%
5	Gray	12	12	11	10	-2	-16.67%
5	Last Mountain	1508	1535	1453	1454	-54	-3.58%
5	Long Lake	1306	1288	1246	1234	-72	-5.51%
5	Pense	141	135	132	131	-10	-7.09%
		8327	8365	8276	8231	-96	-1.15%
6	Balcarres	389	369	337	345	-44	-11.31%
6	Broadview	1434	1450	1433	1384	-50	-3.49%
6	Grenfell	407	412	398	385	-22	-5.41%
6	Indian Head	1716	1739	1765	1814	98	5.71%
6	Moosomin	1443	1432	1402	1369	-74	-5.13%
6	Regina East	1135	1132	1103	1123	-12	-1.06%
6	Wolseley	289	266	260	238	-51	-17.65%
		6813	6800	6698	6658	-155	-2.28%
7	Battleford	1428	1414	1353	1347	-81	-5.67%
7	N.B. Public	2140	2068	2063	2072	-68	-3.18%
7	Northern Lakes	1596	1556	1482	1448	-148	-9.27%
7	Paynton	100	93	93	80	-20	-20.00%
7	Wilkie	1289	1290	1272	1267	-22	-1.71%
		6553	6421	6263	6214	-339	-5.17%
8	Blaine Lake	891	852	766	709	-182	-20.43%
8	Sask Valley	4275	4244	4307	4279	4	0.09%
8	Saskatoon West	2692	2645	2632	2673	-19	-0.71%
		7858	7741	7705	7661	-197	-2.51%
**9	Humboldt Coll	357	353	334	338	-19	-5.32%
9	Humboldt Rural	1623	1582	1533	1440	-183	-11.28%
9	Humboldt Public	209	214	210	212	3	1.44%
9	Lanigan	1189	1149	1139	1111	-78	-6.56%
9	Saskatoon East	2155	2146	2113	2096	-59	-2.74%
9	Wakaw	1291	1328	1280	1255	-36	-2.79%
		6824	6772	6609	6452	-372	-5.45%
10	Canora	977	971	929	862	-115	-11.77%
10	Kamsack	1156	1046	970	934	-222	-19.20%
10	Shamrock	1496	1496	1449	1415	-81	-5.41%
10	Timberline	1190	1127	1094	1066	-124	-10.42%
10	Wadena	2091	2027	1990	1996	-95	-4.54%
		6910	6667	6432	6273	-637	-9.22%
11	Battle River	1722	1687	1675	1668	-54	-3.14%
*11	Lloydminster Publi	1279	1244	1264	1276	-3	-0.23%
11	Meadow Lake	2513	2493	2555	2532	19	0.76%

11 Turtleford	1348	1319	1289	1244	-104	-7.72%
	6862	6743	6783	6720	-142	-2.07%
12 Kinistino	1021	955	938	899	-122	-11.95%
12 Parkland	1841	1799	1640	1600	-241	-13.09%
12 Prince Albert	2115	2044	1968	1931	-184	-8.70%
12 P.A. Comp	1606	1634	1640	1645	39	2.43%
12 P.A. Public	3997	4055	4047	3982	-15	-0.38%
	10580	10487	10233	10057	-523	-4.94%
13 Hudson Bay	1618	1551	1435	1351	-267	-16.50%
13 Melfort	1259	1257	1270	1306	47	3.73%
13 Nipawin	2514	2408	2370	2359	-155	-6.17%
13 Tiger Lily	1274	1231	1184	1180	-94	-7.38%
13 Tisdale	1843	1784	1720	1696	-147	-7.98%
	8508	8231	7979	7892	-616	-7.24%
14 Deer Park	620	585	552	507	-113	-18.23%
14 Lemberg	144	133	144		-144	-100.00%
14 Melville Comp	615	588	591	580	-35	-5.69%
14 Melville Public	488	479	454	435	-53	-10.86%
14 Neudorf	133	121	118		-133	-100.00%
14 Potashville	2257	2175	2116	2096	-161	-7.13%
14 Valleyview				245	245	
14 Yorkdale	1440	1398	1322	1430	-10	-0.69%
14 Yorkton Public	2514	2463	2463	2286	-228	-9.07%
	8211	7942	7760	7579	-632	-7.70%
15 Creighton	414	459	469	468	54	13.04%
15 Ile A La Crosse	367	400	409	413	46	12.53%
15 Northern Lights	4476	4445	4451	4565	89	1.99%
	5257	5304	5329	5446	189	3.60%
16 Regina Public	24451	24575	24558	24346	-105	-0.43%
17 Saskatoon Public	21843	21461	21717	21719	-124	-0.57%
Subtotal - Public	167,016	164,984	163,211	161,993	(5,023)	-3.01%

Separate School Divisions

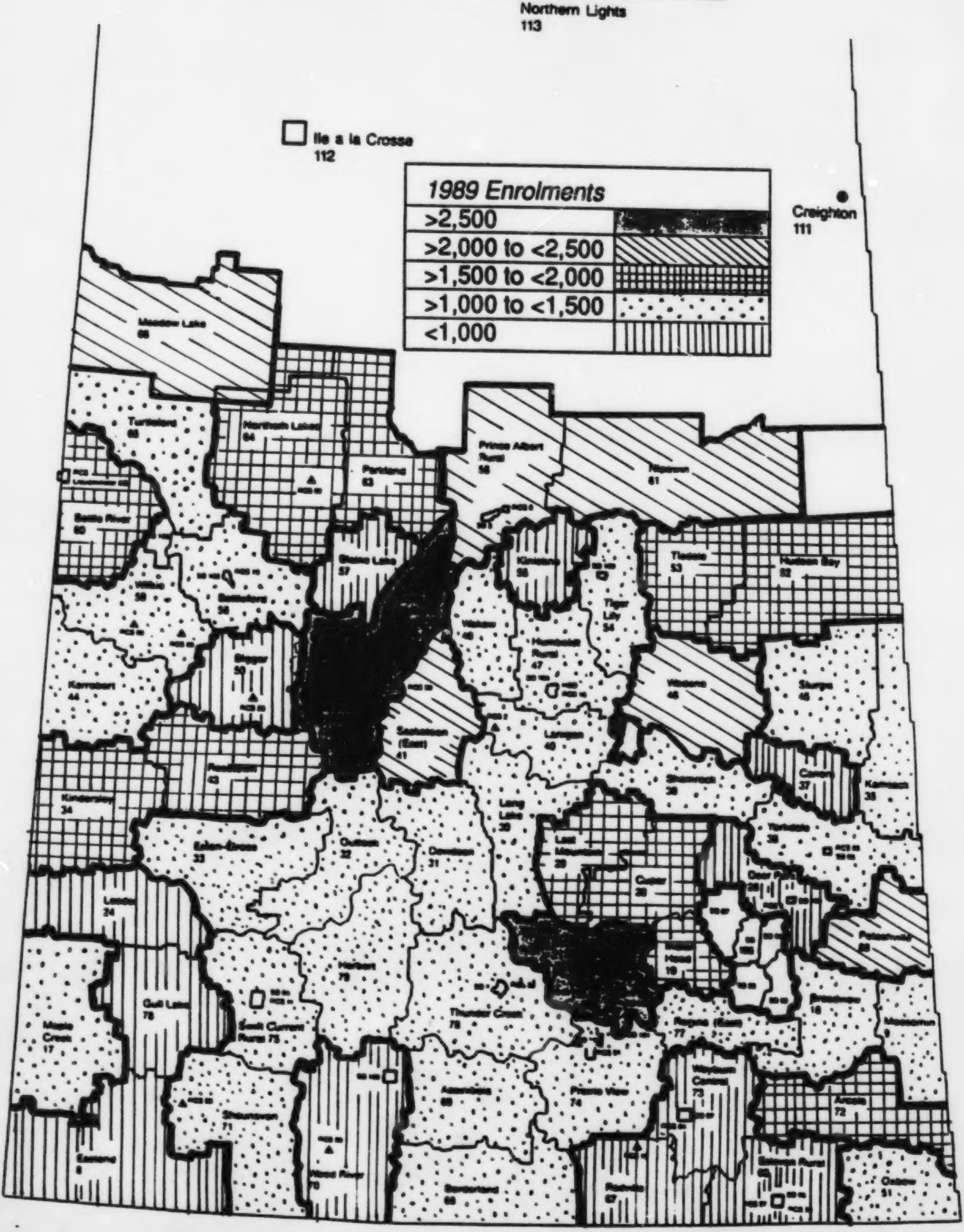
18 Big Butte Rcs						
18 St Augustine Rcs						
18 Christ the King	148	139	133	128	-20	-13.51%
18 Estevan Rcs	617	612	535	524	-93	-15.07%
18 Humboldt Rcs	589	571	568	593	4	0.68%
*18 Lloydminster Rcs	527	537	547	559	32	6.07%

18 Mankota Rcs	51	51	44	33	-18	-35.29%
18 Mathieu Rcs	86				-86	-100.00%
18 Moose Jaw Rcs	1551	1575	1642	1688	137	8.83%
18 N.B. Rcs	1663	1676	1614	1624	-39	-2.35%
18 Spiritwood Rcs	127	121	109	110	-17	-13.39%
18 St Alphonse Rcs	56	56	30	32	-24	-42.86%
18 St Gabriel's Rcs	237	229	234	232	-5	-2.11%
18 St. Henry's Rcs	394	400	380	385	-9	-2.28%
18 St Olivier Rcs	116	111	124	126	10	8.62%
18 S.C. Rcs	250	270	297	294	44	17.60%
18 Unity Rcs	234	248	255	248	14	5.98%
18 Weyburn Rcs	419	429	426	438	19	4.53%
18 Wilkie Rcs	210	200	191	186	-24	-11.43%
18 Yorkton Rcs	959	960	991	1030	71	7.40%
	8234	8185	8120	8230	-4	-0.05%
19 P.A. Rcs	2485	2530	2602	2570	85	3.42%
20 Regina Rcs	9911	9642	9764	9953	42	0.42%
21 St. Paul's Rcs	12512	12684	12869	13208	696	5.56%
Subtotal - Separate	33,142	33,041	33,355	33,961	819	2.47%
Total - Province	200158	198025	196566	195954	-4204	-2.10%

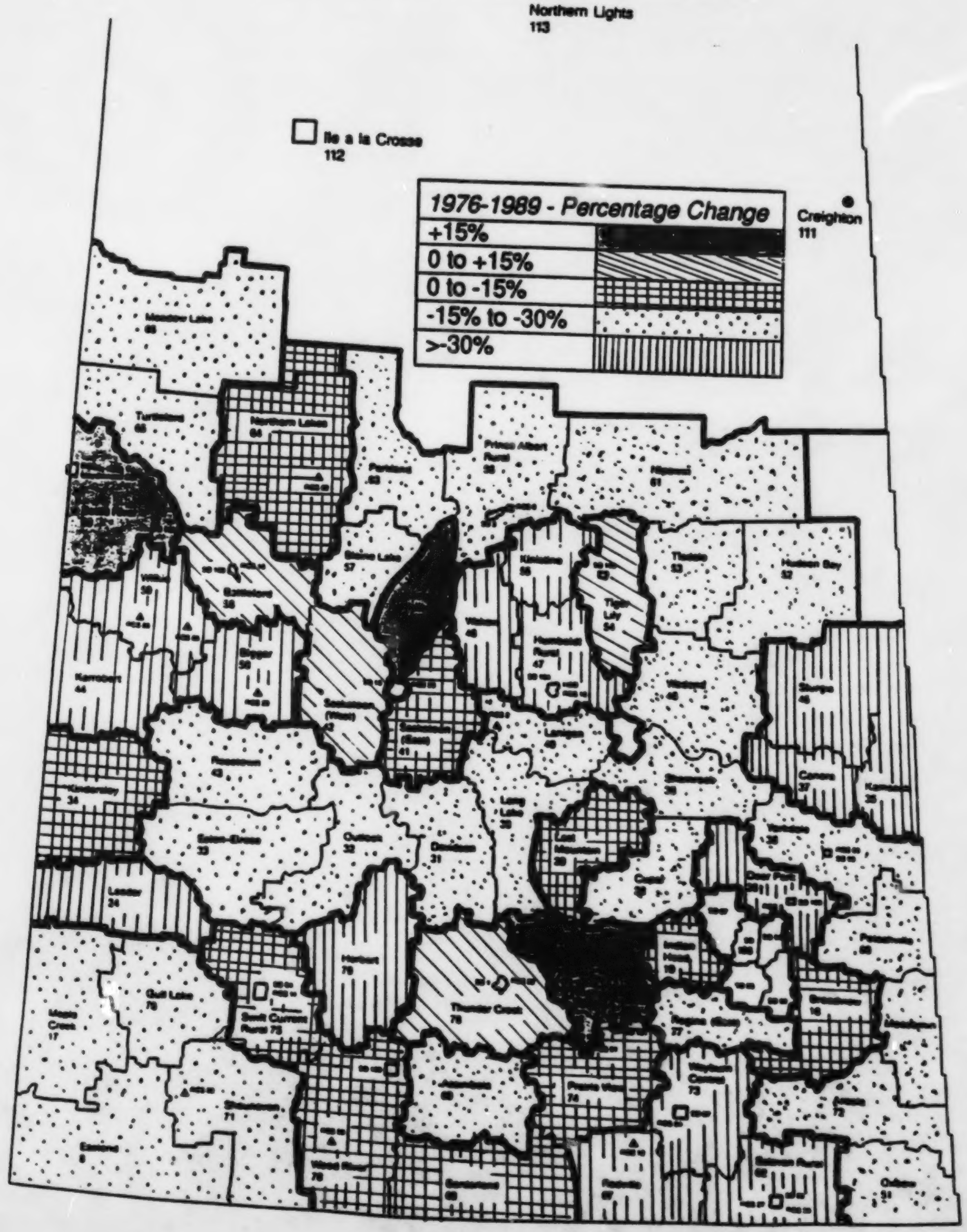
*The Lloydminster City enrolments include only Sask residents
**The Humboldt Collegiate assessment is removed to avoid double counting

17 Public Divisions
20 Separate Divisions

Rural School Division Enrolments September, 1989


Northern Lights
113
Ile a la Crosse
112
Creighton
111
1989 Enrolments
>2,500
>2,000 to <2,500
>1,500 to <2,000
>1,000 to <1,500
<1,000
Meadow Lake
66
Turtleford
65
Northern Lakes
64
Parkland
63
Prince Albert Rural
56
Nipawin
61
Battle River
60
Tisdale
53
Hudson Bay
52
Blaine Lake
57
Kinistino
55
Tiger Lily
54
Humboldt Rural
47
Kerrobert
44
Saskatoon (East)
41
Lanigan
40
Sturgis
45
Kindersley
34
Eston-Elrose
33
Outlook
32
Long Lake
30
Davidson
31
Last Mountain
29
Cupar
28
Canora
37
Kamsack
35
Yorkton
36
Leader
24
Herbert
79
Gull Lake
78
Maple Creek
17
Swift Current Rural 75
Thunder Creek
76
Regina (East)
77
Broadview
18
Moosomin
Weyburn Central
73
Arcola
72
Shaunavon
71
Assiniboia
69
Prairie View
74
Eastend
8
Wood River
70
Borderland
68
Radville
67
Estevan Rural
Oxbow
51

Percentage Change in Enrolments
Rural School Divisions Only
1976-1989


Northern Lights
113
Ile a la Crosse
112
Creighton
111
1976-1989 - Percentage Change
+15%
0 to +15%
0 to -15%
-15% to -30%
>-30%
Meadow Lake
Turtleford
Northern Lakes
64
Parkland
Prince Albert Rural
Nipawin
61
Blaine Lake
57
Battlefords
Wilkie
Biggar
Kerrobert
44
Saskatoon (West)
Saskatoon (East)
41
Kinistino
Tiger Lily
54
Tisdale
53
Hudson Bay
52
Wakaw
Humboldt Rural
47
Wadena
Sturgis
Lanigan
Rosetown
43
Kindersley
34
Canora
37
Kamsack
Long Lake
Last Mountain
Eston-Elrose
33
Outlook
32
Davidson
31
Yorkton
Cupar
Leader
24
Gull Lake
Maple Creek
17
Swift Current Rural 75
Herbert
Thunder Creek
Regina (East)
27
Broadview
16
Shaunavon
71
Eastend
8
Wood River
Prairie View
74
Weyburn Central
73
Arcola
72
Radville
Estevan Rural
Oxbow

EXECUTIVE SUMMARY

Major Conclusions and Observations

School Divisions

.School divisions are heterogeneous in their characteristics. The traditional descriptors used to categorize school divisions offer little assistance in describing the nature of the school divisions within those categories.

.School division enrolments are declining, particularly in non-city jurisdictions. Enrolment growth in non-city areas is usually due to specific commercial or development activities.

.The variances among school divisions in characteristics such as enrolment, mill rates , pupil-teacher ratios, assessment per pupil, and costs per pupil are often wider within categories of school divisions than among them.

.The categorization of school divisions should be altered to reflect more clearly the characteristics of school divisions if the categorizations are to be useful.

.Except for Regina and Saskatoon, the range of enrolments in city and non-city school divisions is very similar. In many cases, city school divisions enrol fewer pupils than other school divisions.

.Many school divisions have agreements with other school divisions to provide services to pupils. In particular, school divisions neighboring cities and village school divisions enter into such agreements.

The Foundation Grant Program - 1989

.The foundation grant program contributed to the equalization of opportunity and taxation equity among school divisions. However, the program, as applied in 1989, did not fully meet the stated objectives.

.The basic program rate structure with differentials based on school divisions categories and grade levels was not supported by data to ensure that the rates reflected actual costs. The principle of equalization may have been compromised on this basis.

.The recognized expenditures and recognized revenues were substantially below actual expenditures and revenues. This favored school divisions with relatively high assessments per pupil at the expense of others.

.The sparsity factor did not appear to contribute to equalization of opportunity or taxation equity. There was no evidence to support that basic operating costs in school divisions with lower numbers of pupils per square kilometre were higher than in other cases. The redistribution of funds resulting from the application of this factor was unrelated to costs or ability to pay.

While the small schools factor was established to assist boards of education to operate small schools where required, the factor, as applied in 1989, appeared to contribute to the inefficient use of resources in some instances.

.The enrolment decline factor assisted school divisions with declining enrolments to adjust to their changing circumstance.

.The transportation component of the grants program had higher recognized costs than actual costs. This resulted in windfall revenues for several school divisions. The absence of a consistent approach to the treatment of transportation costs for grants purposes was evident. This component, as applied in 1989, contributed to higher expenditures and had a negative impact on equity of tax burden.

.The actual revenues on account of tuition fees were significantly higher than recognized revenues, particularly for school divisions with pupils funded by Federal agencies. The revised policy for the accounting of Federal tuition fees will address this issue in part.

.The distribution of funds among school divisions influenced decisions made by school boards.

.The combined basic program, incremental and adjustment factors, and Second Language recognized costs most closely reflected the basic operating costs in rural and comprehensive school divisions. The program was significantly less effective in reflecting costs in the city and town school divisions. However, wide variations existed within all categories.

.The wide variations in practice among school divisions, including wide variances in pupil-teacher ratios, and consolidation of schools suggest the grants program yielded greater benefits to some school divisions than others. In some instances, it appeared that local decision-making resulted from opportunities arising from the application of the grants program. In particular, funds realized from the small schools factor, sparsity factor and the transportation and tuition fee components yielded significant additional funding to some boards of education.

.The Educational Development Fund has contributed in a significant way to innovation in schools, particularly in relation to computerization.

Taxation

.To be effective, taxation structures must meet several criteria but the most important criterion is equity or fairness.

.The principles of taxation equity are either benefits received (taxes paid by beneficiaries) or ability to pay (taxes paid according to ability to pay). Taxation authorities and experts support taxation on the basis of ability to pay. Measures of ability to pay include income, consumption and wealth but the most widely accepted indicator is income.

.Taxation experts support progressive taxes as the fairest means of taxation, i.e. tax rates increase as income increases. Property taxes are often seen as regressive but recent literature suggests that property taxes may not be regressive.

.Taxation equity is usually defined in two components: horizontal equity (equal treatment of persons in the same circumstances) and vertical equity (fair treatment of persons in different circumstances). Vertical equity is usually defined through the political process.

."In sum, the property tax in Canada is an effective and responsive revenue raiser that can contribute to the fairness and efficiency in our tax system." (Smith, p. 307)

.The property tax is a major source of revenues for boards of education ($434 million in 1990). No alternative source of local tax revenue of that magnitude has been identified. These revenues are equal to 30.1 percentage points of personal income tax; 6.24 percentage points on the provincial E&H tax; and 3.62 percentage points on the flat income tax.

.Property taxpayers frequently attribute linkage between property taxes and services provided. The linkage between Saskatchewan taxpayers and education may be declining due to an aging population, increased mobility, larger land holdings, and non-residency.

.For the purposes of this study, local autonomy is deemed to include local control and local leeway. Local control exists when a board of education has authority to allocate resources in a school division within a legislated mandate but does not have the authority to establish spending levels. Local leeway exists when school boards are mandated the power to establish spending levels and to levy taxes. Some local control can exist without local leeway.

.In the long term, the exercise of local autonomy serves the best interests of the pupils and the larger community. The exercise of local autonomy in a meaningful way is dependent upon the right to levy property taxes because no other significant source of local revenue is available.

.Organizations consulted argue that the financing of education should rely less on property taxes. This could be achieved in a number of ways, including increased revenues from the province, or a shift of provincial transfer payments from other local governments to boards of education. In addition, a provincial property tax for the purpose of equalizing transfer payments could also be considered.

.The Saskatchewan Assessment Management Agency (SAMA) proposals, if implemented, will have a significant redistributional effect on provincial transfer payments to school divisions. Nonetheless, Saskatchewan Education should utilize the revised assessments in the provincial grant programs, if implemented.

.The variable mill rate concept advanced by SAMA will have implications for Saskatchewan Education in the determination of provincial transfer payments to school divisions. Saskatchewan Education should oppose this concept.

.SAMA's selective use of socioeconomic factors to establish the percentages of values in the assessment system is open to question. In lieu of this approach, consideration should be given by the provincial government to implementing an income related property tax credit to improve fairness among taxpayers.

Transportation Transfer Payments

.Transportation needs vary greatly among school divisions. Therefore, it is very difficult, if not impossible, to structure a formula based on distance and number of pupils to meet the varying needs and, at the same time, contribute to equalization.

.Approved transportation services should be eligible for provincial funding support. A local contribution to transportation costs, not exceeding five percent of the total levy, should be required. To promote equity of tax burden, school divisions that include rural residences and which transport pupils outside the school division should receive a greater proportion of financial support than others.

.The distribution formula and transportation policy should promote efficient use of resources. No school division should profit from transfer payments on account of transportation.

.Transfer payments must provide equalization among school divisions and take into account the fiscal capacity of school divisions.

.The best means of meeting the identified criteria is to provide transfer payments for transportation on a percentage equalizing basis using actual expenditures incurred in providing approved transportation services.

DATA RECEIVED FROM THE CONSULTATIVE PROCESS

The consultants engaged in two major consultative activities to seek the views of interested and affected organizations and individuals on issues within the mandate of the study. First, the consultants held a symposium to which representatives from provincial organizations and government departments were invited. Briefs were submitted in response to a Background Information and Issues paper circulated at an earlier date. Second, the consultants requested Mr. Harley Sundbo, Regional Director of Education, to conduct a series of structured interviews with board chairmen, directors of education and secretary-treasurers in 30 school divisions. This sample constituted about 25 percent of the total population.

In addition, the consultants have met with individuals to secure specific information on selected topics.

The data presented below represent a summary of the main points raised in the consultation process, as identified by the consultants.

Provincial Funding for K-12 Education

. The objectives of the provincial grants program and the methods used to distribute the provincial funds to school boards, i.e. the foundation grant program, received wide support. The SSTA suggested the addition of the following objective: "To provide for a system which promotes school division accountability to its electors."

. Educational organizations, in particular, supported the concept of local autonomy for school boards but differences of opinion arose on the question of the relationship between local autonomy and the level of funding by the provincial government. Some felt local autonomy would be exercised even with a very high provincial share. No clear definition of local autonomy was evident.

. Increased provincial funding of K-12 education received support from all quarters. By and large, the increased funding was seen to be necessary to reduce the pressure on the property tax, rather than to increase the level of spending. The consultants have received few indications that more funding is required or that spending should be reduced but there is strong agreement that the source of funding is inappropriate.

. Many held the view that the objectives of the foundation grant program were not being met, particularly in relation to equalization. Several suggestions were made to change specific components of the grants programs. The consultants note that these observations were not usually supported by data or analysis but were perceptions based on intuition. The consultants also note that when the 1989 data were analyzed, many of the observations were correct. The main concern was that recognized costs did not reflect actual costs.

. Strong support exists for unconditional funding as the basis for distribution of funds. However, conditional funding was deemed appropriate to meet specific objectives. It was suggested that the grants program should have a neutral effect on board decision-making.

. The Education Development Fund has contributed in a significant way to innovation in educational practice. About 75 percent of computerization in schools has been attributed to the Education Development Fund.

. Several briefs suggested that senior governments had transferred responsibilities to school boards and that the role of the school had expanded into non-traditional areas. Others suggested that boards of education had assumed greater responsibilities, particularly in relation to the care and feeding of children.

. Suggestions were made that the provincial government could find additional funds for K-12 education by reorganizing its own priorities but no specifics were identified.

. Concerns were expressed that it would be difficult to implement core curriculum and to meet increasing societal expectations with existing resources.

. Generally, it was agreed that school boards should establish their own spending levels but some suggestions were heard about limiting board discretion in this regard.

Taxation

. Local government organizations expressed the view that the education costs financed by property taxes is too high. Differences of opinion were heard on what would constitute an appropriate levy on property. The SSTA suggested 40 percent of total costs; SUMA proposed 25 percent; and SARM identified no property tax levy for education as its official position but agreed with the SUMA position as an interim measure.

. The SSTA has advocated an unrestricted access to the property tax and argued that such access for separate school boards is constitutionally protected. They argued that it would make no sense to restrict public boards of education if separate boards had unrestricted access.

. The income base is seen as a better measure of ability to pay than the property base.

- No support was expressed for the introduction of a provincial tax on any types of property assessment.

- Several proposals were advanced to increase sales or consumption taxes in order to reduce property taxes. Others argued that no further tax increases could be made and that expenditures should be reduced. Very few suggestions for additional local revenue sources were advanced although some interest was expressed in levying user fees for expanded school services.

- The collection of taxes was an issue raised in several briefs. The SSTA expressed a willingness, if necessary, to collect all taxes; SUMA suggested that the collection of school taxes by boards of education would enhance accountability. SAMA suggested it could provide a service to local governments by sending out tax notices. SARM preferred the current method of tax collection.

- The relationship between the right to levy taxes and the right to make decisions (exercise of local autonomy) was the subject of vigorous debate.

- SUMA argued there was growing evidence that the current levels of property tax were unsustainable. Higher tax arrears, creative abatements and discounts were offered as indicators. SARM raised issues about equity and autonomy but offered no data or rationale in their written submissions. The symposium delegates did not complete an SARM questionnaire on equity.

- Tax arrears were seen as a growing problem and several school boards reported that their reserves were tied up in tax arrears. This issue was related to cash flow requirements of boards of education.

- Tax exemptions were also identified as a concern and several expressed the need to broaden the tax base by reducing exemptions.

- Generally, there was agreement that taxes should be "fair" but there was little rationale on what constituted fairness. The presentation by the Department of Finance discussed the criterion of equity.

Capital Funding Requirements

- The approach to funding capital projects used by Saskatchewan Education was supported generally. Conditional funding of capital projects was deemed appropriate.

- The level of funding in support of capital program was seen as insufficient and not meeting the needs of school divisions. Concerns were expressed about a deterioration of the school division infrastructure. Municipal representatives expressed the same concern about municipal infrastructure.

. Some disagreement was evident on the treatment of minor renovation projects. Some felt they should be funded on the same basis as new construction; others suggested they should be funded as a separate category.

. Equitable distribution of funds was deemed to be an important criterion.

. Some felt that utilization factors should not be used to determine the funding of a project but might be appropriate to approving a capital project.

. Regular maintenance of school facilities should be addressed in the operating budget.

. Although the SSTA advocates a very high level of provincial funding, it advocates a "significant role in planning, building and maintaining school facilities. . ."

. The "approval in principle" approach has been well received by boards of education.

. LEADS suggested there were "serious flaws in the educational facility area and cost guidelines, and the way in which they are applied and administered."

. Some suggested a linkage existed between the structure of school divisions and capital funding requirements.

School Governance and Organization

Through the briefs and oral presentations it was made clear that all parties recognized that the issues of school finance and administration could not be separated from those of educational government. As Harold Lasswell stated, "Who gets what, when how?" are central to both discussions of finance and of governance (Laswell, 1958, Politics: Who gets what, when how. Cleveland: Meridian Books).

. Democratic Principles: It would appear that the participants endorsed the principles of a liberal democracy. There was no questioning of the representational form of the democratic structures nor of the need to ensure an effective community voice in the decision making associated with schools. The demand for local autonomy was healthy.

. Balance - Province and Local: However, concerns were expressed among the educators and trustees that the balance between provincial and local decision making was shifting to the province. There seemed to be the assessment that the province was emerging as the dominant force not only in establishing school policies and curricula but in possibly defining the administrative structures and arrangements for the day-by-day operation of schools. This shift was largely attributed to the increasing fiscal incapacity of school boards to exercise autonomy.

. Review Institutional Mandate: Both school trustees and municipal representatives believed that the governance review would be incomplete and ill-designed if the changing mandate for K-12 education was not addressed. Further, there was the call for the review to be undertaken with "a provincial vision for rural and urban community life." The warning was given that "change made without the benefit of such a vision may well undermine the social fabric of Saskatchewan communities." In the group discussions, the sentiment was expressed that the review should be undertaken within a regional and community development context.

. Governance Structure: The SSTA strongly endorsed the current governance structure of divisional and local boards with members elected from the public-at-large, or in the case of separate schools, from the electors of the Protestant or Roman Catholic minority. Sundbo found that the boards surveyed in his study held the same conclusion. In particular, while there was not consensus about local boards, "a majority of boards felt that boards of trustees were useful . . . could be called something else . . . should be elected in the same way (as boards of education)."

The consultants were reminded of the rights of the separate schools.

The importance of local revenue to local autonomy was emphasized by trustees but questioned by others: not refuted but questioned.

While the consultants had raised the question of the access of parents of transfer students to the political processes and the trustees had seen it as a possible issue, Sundbo found that it was not a significant issue among the 30 school systems.

The SUMA and STF briefs suggested consideration of some governance alternatives: SUMA raised the possibility of a county form of governance for urban centres with coterminous boundaries; and, STF noted the need for the devolution of some decision making to the local school with a possible design of the make up of local boards. The SSTA and ASBOS confirmed their commitment to separate governance structures.

. Organization and Boundaries: Few comments were made on the administrative organization of school divisions. While the SSTA and STF recognized the need to review divisional school boundaries, Sundbo found that it was not a clearly defined issue.

There was certainly no consensus on this one! Reaction varied from (a) there must be legislation to define new boundaries to, (b) boundaries should be basically left alone. Ideas and suggestions. . . were as follows:

1. "We must begin with sharing of services and administration (e.g. Shared Services model)."

2. "We are open to looking at changes in our governance and administrative structures (small urban)."

3. "We could easily absorb surrounding school divisions (small city reaction)."

4. "If you are attempting to save large amounts of dollars, all government services should be looked at."

5. "Permissive legislation is required, whereby a certain time period is allowed to resolve jurisdictional issues."

6. "Can we duplicate rural, urban and Catholic systems forever?"

7. "Many felt political will was not there to effectively force a rationalization of boundaries."

8. "The answer for small rural divisions is technology (distance education)."

Suggestions for the goals of and criteria for boundary changes were presented and centered around fiscal capacity, and program and service enhancement.

. Accountability: The trustees and educators believe that there is enough political and statutory accountability built into the current governance arrangements; and they expressed the belief that having a local tax base enhanced this accountability. ASBOS rejected any notion of referenda on fiscal issues. Among the representatives from the municipalities there was a belief that there was not enough accountability for school boards to cap their demands on the local tax base. As stated by SUMA, "Nor have school authorities adequately demonstrated the link between the autonomy and accountability in practice."

In summary, it would appear that there is little concern with the governance structure for education. There is a major concern with the balance between provincial and local authority and the effects of the level of provincial funding on actual autonomy and local government's fiscal capacities. There appears to be some recognition of the need to review the size of school jurisdictions and possible organizational and administrative arrangements to deal with major demographic and educational changes.